

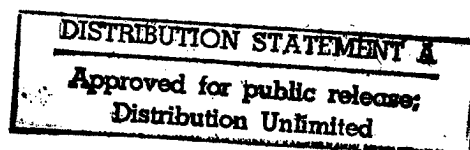


JPRS Report

Near East & South Asia

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Near East & South Asia

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Visitor Describes Status of Berdadzor, NKAO

91AS0592A Paris HARATCH in Armenian, 17 Jan 91
p 2

[Interview with Dr. Raffi Dilanian, a recent visitor to Nagorno-Karabakh, by Arpi Totoyan in Paris; date not given]

[Excerpt] For a long time, we have been used to receiving news about Artsakh from the Soviet Armenian and sometimes the local press. However, in the last year the repression in force there made it impossible to meet visitors returning from Artsakh. We were happy to receive just a bunch of papers, like a letter or greeting from a distant friend.

In these conditions, it is not hard to imagine what it means to meet a young doctor who returns not only from Artsakh but also from the fire of Berdadzor.

Raffi Dilanian is a young French-Armenian who has just completed his medical training. He is one of the people who rushed to the disaster zone in Armenia to offer any help they could after the earthquake. He stayed there for six months and worked as a doctor, pharmacist, and the custodian of a storehouse for medical supplies. He worked everywhere he was needed. During that period, he also dispatched medical supplies to Artsakh.

Then he went to Stepanakert at the invitation of a young man from Artsakh, and later to the village of Chartar in Martuni where he stayed for a week. That was his first encounter with the land, the water, and the people of Artsakh.

Later on, he returned to Artsakh several times. He worked in the Martuni hospital for a month. Most of the resident physicians in that hospital were Azeris who fled after the Sumgait massacre. Most of these doctors were not replaced.

Dilanian went to Artsakh most recently in July 1990 and stayed there until December. It was during that period that he visited Berdadzor for a week. Dilanian said:

"There was an ample quantity of medical supplies sent from overseas. However, the food supply situation is unbearable because the population of 700 lives in a state of double siege. In addition, they are constantly subject to attacks from Lachin and Shushi. As a result of those attacks and other terrorist acts, two of the five villages of Berdadzor are now uninhabited. The residents of Kanach Dala, one of those villages, sold their homes and left. The homes in Tsakhkadzor, which began receiving natural gas only recently, were all burned down by a bomb 'thanks to' that gas; as a result, the residents were forced to leave."

"One can see that the absence of any tangible assistance from Armenia has had a bigger impact on the people of Berdadzor than all of this. This has somewhat disheartened them."

"Their only link with the outside world is helicopters which can come from the nearby region of Goris in five minutes. That is the only way assistance can reach them."

"In addition to Berdadzor, the regions of Martakert and Hadrut are also subject to Azeri attacks. The former has the largest population of Azeris in Artsakh."

[Totoyan] What is the status of food and fuel supplies in Artsakh?

[Dilanian] There is no shortage of food, except in Stepanakert where mainly bread is in short supply. Although there are adequate supplies of wheat, there is no flour because there are no flour mills. In an effort to resolve that problem, Prime Minister Ryzhkov, apparently unaware of the interethnic problems, has proposed that the flour mills in Akhdam be used.

In reality, it is wrong to say that there are no flour mills. The mills exist but they need repairs and maintenance, and the reason repairs are not made is not necessarily that they are impossible. After all, even certain Armenian leaders prefer to sell whatever flour is available at higher prices.

In Chartar, for example, the situation is different. This is one of the richest regions of the Caucasus. They have plenty of wheat, but they cannot store it or move it elsewhere. They do not have the means to do so. Often the wheat rots where it is piled.

Electricity and fuel come from Azerbaijan; they cut the supply whenever they want to. Disruptions are rare in areas where there are Soviet troops. To remedy the situation, the Armenians have begun installing generators.

[Totoyan] What is the attitude with regard to the military forces?

[Dilanian] The military is mainly in Stepanakert. There are checkpoints on the roads in all directions, particularly near Turkish villages.

During times of troop rotations the checks are very strict. Identity papers are asked at every step. It is in those times that the troops fire on the crowds, and people are wounded and even killed. This is done to show the newcomers how to act.

[Totoyan] That seems to be their normal training.

[Dilanian] It seems so. There are 20,000 to 30,000 soldiers in Stepanakert which has a population of 80,000. All the major buildings, including schools—where classes continue—have been turned into barracks.

In the early days, the people considered the soldiers their sons. Now everything has changed. They spit on them and they view them with contempt.

[Totoyan] Do former residents of Karabakh or other Armenians come from Armenia or other regions to settle there? What is the status of those who are leaving?

[Dilanian] As I said, recently many people left the Tsakhkadzor and Kirov villages of Berdadzor. Nobody is left in Tsakhkadzor, and Kirov is half empty. The Azeris steal livestock to deprive the residents of any means of livelihood.

In addition, for example, I met five Armenian doctors who have been living in Karabakh for three years. There are more than 100 doctors from Karabakh who live in Armenia. I do not know why they do not return. There are only 600 Armenian families in Kruzni (the capital of the Chechen). When persecution against them begins, they leave. Some of them have come to Karabakh, but they often go to Sochi, Sukhumi, and Krasnodar. For example, the village of Chartar offers every facility for immigrants; they offer land and jobs. I do not know why they do not come.

[Totoyan] This reminds me of an article entitled "The Call of the Native Home" which was published in the 21 December issue of HAYASTAN. That call was addressed to "all female residents of Berdadzor living in the Armenian Republic" and reminded them that, for centuries, Armenian women stood by the side of their men during times of hardship and, with arms in their hands, fought for the freedom and independence of the land of their ancestors. In these days of torment in Artsakh, the "Council of the Sisterhood of Armenian Women" of the Berdadzor subdistrict appealed to all residents of Berdadzor in Armenia to return to their

homes and to rebuild them. Assurances were given that facilities and decent living conditions will be provided. What the response will be remains to be seen.

[Dilanian] In this connection, I would like to mention a happy story. The former director of the wine factory of the Dashbulakh village in Askeran had the unique idea of forming a village of his own. He gathered orphaned or abandoned Armenian teenagers from Baku and embarked on building a village called Hovsepyan in the far corner of Askeran. They built farms and prefabricated homes, and thus blocked the continual expansion of Khojalu. The residents of Dashbulakh provide virtually no assistance to them. Soldiers often come to conduct searches thinking that they are hiding weapons and ammunition.

[Totoyan] How do the people of Artsakh view the future?

[Dilanian] I must say that they are pessimistic. They have given up hope in the Diaspora and now in Armenia. They say that they will fight to the end and, if necessary, they will die on the land of their ancestors.

[Totoyan] Does the change of government in Armenia inspire any hope in them?

[Dilanian] No. They no longer have any hope in them either. But they are particularly incensed by the appeal of the three parties for calm. [passage omitted]

REGIONAL AFFAIRS

Former Minister Analyzes Elusiveness of Arab Unity

91AA0186A Cairo ROSE AL-YUSUF in Arabic
3 Dec 90 pp 32-33

[Interview with Muhammad Hasan al-Zayyat, former Egyptian foreign minister, date and place not specified. First two paragraphs ROSE AL-YUSUF introduction]

[Excerpt] Dr. Muhammad Hasan al-Zayyat is the former foreign minister of Egypt. His name has long been linked to issues of Arab solidarity. He has earned great expertise in this area from the many posts which he has held, ranging from Egypt's permanent representative to the United Nations to chairman of the committee of Arab relations in the National Party and the previous People's Assembly.

Dr. al-Zayyat spoke frankly to ROSE AL-YUSUF, analyzing the current situation after more than three months of crisis in the Gulf, outlining the issues that have emerged as recent events have unfolded.

[ROSE AL-YUSUF] First of all, what do you believe to be the future of Arab solidarity in the future, especially after what it has confronted as a result of the events of the Gulf crisis?

[Al-Zayyat] Our Arab organization has been subjected to very many difficulties following Iraq's occupation of Kuwait and Saddam Husayn's policy, which dealt a crushing blow to Arab solidarity. He has divided the Arabs into two camps: one standing on the side of justice, rights, and international law among the ranks of the states that have condemned aggression by a strong state against a weak one; and another camp which supported Iraq for personal or emotional reasons.

In any case, Arab solidarity was struck to the core by events in the Gulf, to the point that many might despair of the feasibility of Arab solidarity in the future. And they are right; this crisis has set the course of solidarity back at least 20 years. However, there are those who do not admit their despair, and there must [always] be those trying to attain the goal of solidarity.

[ROSE AL-YUSUF] The world is now turning towards unity and order in large, international entities. Why don't the Arabs unify, even though they are the ones most in need of unity?

[Al-Zayyat] Indeed, today all of Europe, including eastern and western states, has been able to explore those interests of life that are common to them, despite the fact that the differences between them are much greater than the differences between the Arabs.

So why is it that Arabs have not started to do this? That is really a perplexing issue. Is it because they are less eager for solidarity? Is it because they are less informed of the ways of reaching their goals? Is it because they are

more concerned for themselves than for the general good? Or are the rich among them afraid that if they embraced the poor some of their wealth would be reduced and some of their money would vanish?

Positive solidarity is in everyone's interest, not to mention, for example, solidarity in self-defense. How can a state of no more than 10 million, or 5 million, or 2 million, defend itself except by turning to a state of 50 or 60 million? Would a state of 50 million automatically volunteer to defend [another state] out of a sense of decency? No, of course not, never! Because it will ultimately learn that Arab security is an indivisible whole, and that the existence of a crack in Arab security in Bahrain threatens Arab security in Algeria.

[ROSE AL-YUSUF] But the Arabs are always viewed as not doing what they repeatedly say.

[Al-Zayyat] That is true, and when we say that our [guiding] principles are goodness, justice, and peace, etc., are those words merely memorized expressions which we repeat meaninglessly, or will they be applied and adhered to? And when we say that we must not interfere in the affairs of other states, do we say that to repeat words and sayings that sound nice or do we say it out of conviction?

For example, the speech that President Saddam Husayn himself gave at the opening of the Arab Cooperation Council stipulated on page three that "We must not interfere at all in the affairs of other nations." Then a few lines later it said, "And we must believe that land cannot be seized by force, and adhere to that." Then it became clear to me that he was repeating those words because they sounded good, not because of firm conviction.

[ROSE AL-YUSUF] It is said that many Arab and international issues were exposed by the Gulf crisis. What are the most prominent of these issues, in your opinion?

[Al-Zayyat] In fact, the Gulf crisis exposed many shortcomings. For example, it proved that the Arab League and all the Arab military, economic, and political organizations were inadequate, even though we have a joint defense pact and agreements on economic solidarity. The Arab League Council must devote its efforts to discussing political issues, as well as other issues, as they emerge. The Gulf crisis, in fact, exposed many cracks that must be remedied in the future.

For example, an Arab court of justice must be established to render judgment in disputes between Arab states under the stipulation that the disputing states accept its decisions in advance. It also appears that the [decisions made by] the [Arab] summit meeting and the meeting of the Arab League Council at the highest level were not binding, and that each state in attendance would not participate unless it agrees with the decision. If not, it would withdraw.

There must be adherence, and every state must respect the decision, whether it be in its interest or not, because a decision cannot [always] be agreeable to all parties.

Another thing has appeared, namely that when a developed state decides to go to war, which is not a simple matter, the approval of Parliament and consultation with public opinion is needed. But in the case of the Iraqi aggression, it is absolutely clear that the Iraqi people were not consulted on the occupation of Kuwait.

It was also revealed that there are some states that do not know their real needs for defense or protection. For example, why did the Arab states forgive Egypt's debts to them now? Why didn't they forgive them before?

Of course, it is clear that in fact these states need Egypt now, and thus they began to support it. It was clear beforehand that Egypt had made many sacrifices for all the Arabs. It would have been more appropriate had they supported Egypt at least with its debts. But that did not happen.

[ROSE AL-YUSUF] Your name has been mentioned as a candidate for the post of secretary general of the Arab League.

[Al-Zayyat] Yes, I have heard what is said about that. In fact, some have questioned me about it, but no one has actually made a proposal to me. I will not know anything definite about this issue until I receive a proposal from those who have suggested my nomination. [passage omitted]

EGYPT

Opposition Parties React to Cabinet Policy Statement

91AA0216A Cairo AL-AHRAM AL-DUWALI in Arabic
2 Feb 91 p 9

[Article by Ahmad al-Batriq: "Clear Difference in Opposition Party Points of View on Government Statement"]

[Text] Opposition party points of view differed considerably on the government statement that Dr. 'Atif Sidqi, head of the cabinet, delivered in the People's Assembly a few days ago. While some parties agreed with it, other parties completely rejected it, while still others expressed reservations.

In all cases, the Gulf War, with its repercussions, regional effects, and potential results, occupied the thoughts of all party leaders, even overshadowing domestic events for some of them.

Mr. 'Ali Salamah, assistant general secretary of the Wafd Party, describes the government's program as promising, especially the part of it having to do with the economy. The government is now on the road to taking real steps to correct the course of the economy. The Wafd Party wishes the government success in this, especially in the

legislative proposals it has promised to introduce to reorganize relations between owners and renters of agricultural land and real estate.

He also praised the government for following a policy of market economics and encouraging the law of supply and demand. However, the program did not clearly state what measures the government intends to take regarding the public sector, which, in the view of the Wafd, is the rock on which all reforms have foundered.

Mr. 'Ali Salamah asked the government to pay attention to achieving political democracy, which the Wafd Party sees as the only road to achieving economic reform. He added that it has become essential to grant freedom to form political parties and publish newspapers and to get rid of laws that limit general freedoms—such as the values law.

The assistant general secretary of the Wafd Party asked that the efforts of all political parties be pooled with those of the government to solve Egypt's problems. These problems are too big for the government to solve by itself.

Although Mr. Ahmad al-Sabahi, head of the Ummah Party, has said that the party is agreeing with the government's program even before it is discussed out of a belief that it is essential to stand behind the government under the current circumstances, he nevertheless said that recent events have made it unreasonable to turn away from events in the Gulf and their repercussions to a discussion of the government's program.

He also says that despite early sketches that have been much talked about, the program brings nothing new. However, the Ummah Party does not deny that the government has been making real efforts to contain the worsening economic situation from which Egypt has been suffering for a long time.

The Green Party, through its general secretary, Mr. Kamal Kirah, has presented suggestions to the government for incorporation into the legislative proposals that the government has promised to present to the People's Assembly to reorganize relations between owners and renters of real estate. All previous laws limiting the rental value of residences should be repealed, and these values should gradually increase until the increase reaches 100 percent of the current rental value over a period of five years.

As for agricultural land, the Green Party proposes leaving owners of plots smaller than five feddans the choice of whether to receive them [sc. the rental increases] from renters, or to share in their crops with them.

Furthermore, land should be returned to its owner if the original tenant dies or stops farming it himself for any reason. In any case, the proposed legislation to be

presented to the People's Assembly must distinguish between the one who farms the land and the one who only carries a lease.

While the government's program has won the interest of the Wafd, Ummah, and Green parties and their agreement on its overall principles, it is a completely different story when it comes to the NPUG's [National Progressive Unionist Grouping] position. Mr. Lutfi Wakid, a member of the NPUG's parliamentary group, said that the party disagrees totally with what the government has set forth in its statement. The party will reply to the statement through already prepared plans and programs and will make known its ideas about alternative policies that the government might adopt, if it wants to correct the course of the economy. The NPUG's disagreement with the government basically involves the economic policy that the government is following to solve problems.

He added that social justice is the most important goal on which the NPUG is concentrating its efforts. The policies that the government is following are not achieving the desired justice.

Also moving in a direction opposite to the government's line is the Young Egypt Party. Mr. Mahmud al-Maliji, the party's deputy chairman, describes the program as consisting of repeated platitudes that have been said in every previous parliamentary session. Furthermore, the features of the program are unclear.

The deputy chairman of the Young Egypt Party expressed his hope that the government would fulfill the promises it had taken upon itself, such as presenting a draft law on owner-renter relations and measures to revive investment and export.

Mr. Mahmud al-Maliji contented himself with saying no more than this, since he believes that the Gulf War has cast its shadow over everything that has been or will be introduced during this period and that concern with the events of the war is the overriding preoccupation of the Young Egypt Party.

Mr. Mustafa Kamil Murad, head of the Liberal Party, said the same thing. He stated that the Gulf War had overshadowed all events on the political and parliamentary scene. The opposition believes that the Gulf War's negative effects, which have in fact begun to be reflected in the economy, are above the problems from which the economy is suffering. All this is more deserving of attention.

Labor Party leaders refused to talk about the government's program or express an opinion about its contents. They stated that events in the Gulf and their effects on the domestic situation had absorbed all the party's attention and energies. The party thinks that the program the government has submitted, despite its importance, does not rank as high as the importance of events in the Gulf—so says Dr. Muhammad Hilmi Murad, general secretary of the Labor Party.

Economic Agreement With GCC Expected After War

91AA0221A London AL-SHARQ AL-AWSAT in Arabic
8 Feb 91 p 10

[Article: "Egyptian-Gulf Economic Cooperation Takes New Form After Crisis; Long-Term Protocol and Active Role by Gulf Organization; Cairo Uses Gulf Aid to Strengthen Banks"]

[Text] Cairo, AL-SHARQ AL-AWSAT Bureau—AL-SHARQ AL-AWSAT has learned that Egypt and the Arab GCC [Gulf Cooperation Council] member states will conclude a long-term economic agreement when the Gulf crisis is over and Kuwait is liberated.

The agreement will include a renewable five-year economic cooperation framework.

Economic sources in Cairo have said that this agreement will be similar to the financial and economic protocol which is concluded between Egypt and the European Community every three years and in accordance with which Egypt acquires soft-term financial and credit facilities and financial grants to bolster its balance of payments. In accordance with the agreement, the Gulf states will participate in financing a number of Gulf investments in Egypt. This is in addition to increasing Gulf investments in Egypt and providing financial aid to make up for the balance of payments deficit. The Gulf Development Organization in Egypt will play the main role in implementing this agreement when this organization is revived. The organization has given Egypt \$2 billion out of \$4.3 billion in aid allocated for Egypt in the late 1970's.

Within the context of the fundamental steps it is currently making to achieve economic reform, the Egyptian Government has used financial aid it recently received from the Gulf states to reform the banking system. Bankers have said that the Central Bank has agreed to provide aid to the four main public sector banks experiencing difficulties. Simultaneously, the Central Bank has asked the private sector banks, totaling 50 in number, to put their house in order. For the first time, the Central Bank has set for private banks a capital-to-asset ratio to which they must adhere. An Egyptian banker has estimated that a sum of \$2 to \$2.5 billion will be needed to enable the main public sector banks to stand firmly on their feet. The Central Bank has provided financial aid amounting to a whole lot less than \$1 billion, according to the source. This aid has come within the context of financial and monetary steps prescribed by the IMF and adopted by the Egyptian Government last month. Cairo hopes to conclude an agreement with the IMF in the near future upon the conclusion of three-year negotiations with the Paris Club to reschedule Egypt's debts. The industrial countries have pledged to cancel nearly 30 percent of Cairo's debts when it reaches agreement with the IMF. Cairo's debts have decreased fundamentally

since the U.S. administration and the Arab Gulf states canceled debts amounting to \$14 billion payable by Cairo.

At another level, the Egyptian Government is considering steps that are likely to boost exports in order to make up for the shortfall in foreign exchange as a consequence of the loss of revenues resulting from the Gulf crisis. These steps include creating an insurance corporation and establishing a system to provide export incentives.

Dr. Hazim al-Biblawi, president of the Egyptian Export Development Bank, has said that the most significant current negative consequences to the Egyptian economy are embodied in a drop in foreign exchange revenues because tourism revenues have dropped by nearly \$3 billion and the Suez Canal revenues by an estimated \$800 million. The remittances of Egyptian expatriates have also declined as a result of the fact that large numbers of them have returned from Kuwait and Iraq. The expatriates' cash and in-kind remittances were estimated at \$3.24 billion [annually]. This is in addition to the negative consequences embodied in increased unemployment, increased pressure on consumer goods and services, and a decline in foreign trade activity.

Dr. al-Biblawi added: These consequences dictate that the government promptly implement a complete export strategy that seeks to increase foreign exchange revenues and to make up for the shortfall caused by Gulf war losses. This requires providing an export infrastructure embodying all aspects of the production activity needed to facilitate exports, such as packaging, transportation, and storage means and requirements. It also requires the presence of a higher export council and information, insurance, and financing centers.

The policy proposed to promote exports also requires reexamining and simplifying export procedures. This applies not only to exports but also to the procedures governing the importation of semi-processed goods and production requirements. It is also necessary to establish export policies and incentives in a way that makes it in the producer's interest to go for exports rather than for the local market. These policies should provide for freeing the exchange rate, for securing the financing necessary to aid exports and to provide insurance against export risks, for government assistance in opening new export markets, and for reducing the exporter's tax burden.

Muhammad Rajab, chairman of the Alexandria Businessmen's Association, has noted that the current gap between Egyptian exports and imports requires raising export revenues by fourfold their current volume and that the problem facing Egyptian exports is not so much a problem of marketing or bureaucracy as it is a problem of the unavailability of production.

Rajab added: A large number of exporters have begun to withdraw from the market because of the increased tax

burdens saddling their income and of the difficult procedures the exporter faces in exporting his production.

The Alexandria Businessmen's Association chairman has proposed that Egypt's investment and business climate be improved, that no economic decrees be issued without consulting businessmen, and that government delegations sent abroad for business and investment matters include businessmen, as other countries do. He has also suggested that it is necessary to eliminate export impediments promptly, especially tax burdens and the difficulties exporters encounter with the customs authority because of credit letters. He further suggested that the public and private sectors be treated equally in import and export affairs and that it is necessary to exert efforts to stabilize exchange rates and bank interest rates.

Dr. 'Adnan 'Adil Rashid, the Export Development Center chairman, has said that Egypt deals with export incentives very carefully so that the incentives do not clash with the GATT resolutions.

Rashid added that the system of granting incentives to exporters is being currently examined on the basis of the exporter's net import and export transactions, especially since the importation of semi-processed goods has risen to \$7.5 billion representing 68 percent of imports. These goods should contribute to increasing the production designated for export.

Rashid added that the Ministry of Economy is currently studying the creation of an export insurance corporation to reassure exporters and insure against the risk of the loss of their dues abroad. The ministry is also considering the creation of an Egyptian exporters federation to represent a strong mainstay capable of solving export problems and to open new foreign markets.

Abu-al-Sa'ud Sultan, head of the General Exporters Branch of the Union of Chambers of Commerce, has said that the Gulf crisis has proven that it is dangerous for the government to rely on external elements to secure its foreign exchange needs and that in light of the drop in tourism and Suez Canal revenues and in the remittances of Egyptian expatriates the government must proceed to rely on its intrinsic revenues through increased production and by turning to exports. He said that this requires creating the proper climate and loosening the shackles imposed on producers and exporters.

Sultan added that Iraq's invasion of Kuwait has caused the loss of nearly \$400 million payable by the two countries to Egyptian exporters and that this dictates that the Export Insurance Bill be examined promptly and submitted to the People's Assembly.

The government must also grant exporters tax and customs exemptions that promote expansion of export activity. It is also necessary to secure a shipping fleet that makes it easier for exporters to meet commitments to foreign importers. The government's official delegations should contribute to opening new export markets in the

various countries and should include teams of private sector businessmen and exporters.

Na'ilah 'Alawiyah, chairwoman of the Export Committee of the Cairo Businessmen's Association, has said that the coming phase requires a greater effort to create new markets in Europe and Africa to replace the Gulf markets that have been closed, even if only temporarily, by the current war until the war ends. She added that the effort made by the exporter must be countered by official government efforts to lighten the exporter's burden, create the right climate for an upsurge, supply the production necessary for export, and organize Egyptian production fairs in the western and friendly countries.

Bankers React to Liberalizing Interest Rates

91AA0190A Cairo AL-AHRAM AL-DUWALI in Arabic
11 Jan 91 p 6

[Article by Usamah Saraya: "Interest Rates: Leaving the Age of Fixing for the Age of Liberalization"]

[Text] Announcement of the new credit policy has enveloped the banking system in tremendous change, moving it from an era of mandated interest rates to an age when such rates are liberalized and bank managers are completely free to compete and react to the market.

Already a week into the new system, the banks are still perplexed and have not yet established interest rates for the loans they offer and the funds they borrow. They all say that the matter is still under study and blame the confusion on the suddenness of the move about which they were not consulted even though they have been looking forward to it for 40 years! There is consensus, however, that the new system is creating a massive revolution in the banking system and that it is a giant step towards a liberalized Egyptian economy resulting in more efficient utilization of financial resources. [Bankers], however, call for a transition period to allow planning for the change from mandatory to liberalized rates and to develop cooperation and coordination among banks instead of combinations that compete under conditions of inaccurate information.

An immediate concern is to keep large banks from dominating the market by virtue of their liquidity and financial strength, especially during the transition period. In following statements, banking experts evaluate the bank liberalization experiment and reflect on the tremendous change and transition problems that lie ahead.

Dr. Fu'ad Hashim, former minister of the economy and chairman of Arab Investment Bank: We must concede that liberalizing interest rates and competition among banks will boost the efficiency of resource utilization. Of all Egyptian institutions, the banking system is the most effectual and best able to administer the new system since the movement of money is public and because it is linked to the international banking system. Competition will accomplish two major objectives.

Competition will reduce bank margins. Margins are the cost of utilizing economic market resources, and narrow margins help economic performance. As a result, depositors will be able to obtain highest yields. This would stimulate savings and support the Egyptian pound. Economic transaction costs will also decline as competition exerts downward pressure on new interest rates.

All these gains will accrue to the national economy directly thanks to liberalization of the banking system and development of interaction among banks.

Analysis of other aspects of the system reveals that the new system goes beyond liberalizing interest rates and is linked to another pivotal development in Egyptian economic policy—the cost of central bank lending translated as the yield of treasury notes, currently set at 16.2 percent. I believe that this indicates continued support for the deflationary policies the central bank has been pursuing for a while. Such policies, aimed at fighting inflation, are desirable and critical because inflationary pressures are serious and impact all endeavors, including investment. Should deflationary policies be maintained as a result, interest rates will rise in the marketplace. This rise would be desirable in the fight against inflation and would stimulate savings and support the Egyptian pound. With regard to economic performance, such a policy would normally hurt weak enterprises that can not tolerate higher interest rates. This is also desirable since weak enterprises impair economic performance in the marketplace, especially since prices are driven upwards by inflation. If they [enterprises] can not tolerate interest-rate increases then they are not fit to carry on. Let us remember that interest rates are not the only element of cost.

Opponents of higher interest rates always claim that the are detrimental to production; this is not so. Their impact will be confined to those weak and marginal enterprises that are not able to endure and are better off fading away. Interest rates are not the only element of cost; they are a modest component of producer costs. Of far greater significance are accurate studies, marketing, management, quality of production, and a balanced delivery structure.

Lending Rate Forecast at 20 Percent

Dr. Fu'ad Hashim offers specific suggestions to help the new policy develop and attain all of its objectives. The new system will have an impact on productive sectors in the fields of agricultural and industrial production and productive services. The system of parallel interest rates, in effect since 1982, has supported certain producing sectors with low interest rates at the expense of those sectors that pay high rates. This system is now defunct, and the banks are free to set interest rates. All economic sectors will henceforth be equally charged at a high rate since there is no advantage to banks in discounting the cost of credit. Even though it remains to be set by banks, the new rate will be more or less in the range of 20 percent and will apply to all sectors. Productive sectors

will consequently be affected since the cost of bank financing will rise by 50 percent. This is undesirable, and some thought should be given to ameliorating that impact by introducing some of the facilities and privileges extended to investment and business banks by the central bank.

Dr. Fu'ad Hashim calls upon the banks to cooperate in the field of information to the greatest extent possible and not to resort to opportunism since all of them are in the same boat commanded by captains who are still charting the course. Their cooperation is mandated at this stage.

Large public sector banks are also asked not to attempt to dominate the market because that would be detrimental all around and would not serve their interests.

Why Did Confusion Set In?

As to why the banks were baffled by the new system, Dr. Fu'ad Hashim says that even though they have been looking forward to it for 40 years, the liberalizing move was not coordinated with the banks and took them by surprise. The banks were neither alerted in order to plan for various eventualities nor were they given a grace period [before the new system goes into effect]. The result is that the banks have not yet been able to establish lending and borrowing rates, which are still under study, even though a week has passed since the new system went into effect. The confusion is exacerbated by the fact that banks have had no familiarity with that system for a long time—since the fifties, or earlier, when the banking system was flexible and banks had adequate expertise. Ninety percent of banking-system workers are unfamiliar with the system and therefore need time to understand it and absorb it, to be followed by a period of experimentation. Mistakes could occur until the system takes root after several weeks of trial and error. Time, special nurturing by the central bank, and cooperation among banks are needed at this stage.

Don't Shoot the Messenger

Dr. Hazim al-Biblawi, chairman of Egypt Export Bank:

There is agreement that free interest rates are fundamental to the rationalization of the economy because they are a component of the national economy's strategic cost and must reflect market conditions. In addition, they should be intelligently utilized by the monetary authorities since interest rates, while a function of market forces, are also an instrument of monetary policy used to accomplish specific objectives. Therefore, interest rates can be effective as an economic tool only if due consideration is given to market conditions and the state of inflation, savings, investments, and interest rates in the outside world.

Dr. al-Biblawi supports the new policy of liberalizing interest rates but emphasizes the need to arrange adequately for a transition period that would bridge the old system of mandated pricing with the new system of liberalizing interest rates.

We must consequently keep two specifics in mind—the need for a transition period and the fact that liberalizing interest rates does not mean giving market forces full reign. Interest rates are an instrument of monetary policy and should therefore be used to control rather than submit to spontaneous market considerations. Liberalization does not mean giving free reign to the market and abandoning interest rates as an instrument of monetary policy because they can affect [the market] and guide it to the same degree that they are influenced by it. Interest rates are a market pacesetter and we, when utilizing them, should not buck or contest the market but must give due consideration to general market trends.

A transition period is consequential because we must be aware that interest rates affect many parties, such as savers, investors, and go-between financial institutions or banks. The purpose of liberalizing interest rates is to modify the behavior of savers to augment domestic savings and induce foreign currency holders to denominate their savings in pounds. Another policy objective is to influence investor behavior to further rationalize the utilization of funds for successful enterprises rather than gravitate to nonviable projects because the cost of financing them is cheaper. We therefore find that the purpose behind liberating interest rates is to modify savings and investment performance on a national level. Meanwhile, we must not compromise the financial integrity of go-between financial institutions (banks) which are financial institutions that go between investors and depositors of savings and which perform an economic service in return for a margin of gain. The liberation of interest rates should therefore not be at the expense of go-between financial institutions. They act like a messenger carrying news to depositors and investors and should not be penalized for performing that service.

The liberation policy must therefore be accompanied by sound and precise measures to protect go-between financial institutions during transition from the old system to the new. For example, there exist facilities and contracts at low interest rates that were concluded earlier when borrowing costs to banks were low. Banks must be allowed to adjust such rates now that their cost of borrowing is high.

The new system does not simply entail the lifting of controls on interest rates. Rather, it is a group of arrangements that must be made between the banks and the central bank.

Dr. al-Biblawi concludes his evaluation of the new system by calling it a sound and beneficial economic move that could be harmful to a number of financial institutions unless accompanied by appropriate measures.

Our Banks Enter the Age of World Standards

Mahmud 'Abdallah, chairman of Cairo Barclays Bank:

This development is considered a banking revolution because we will be adopting world standards. The first phase of implementing the system is a transitional stage. Certain banks will be apprehensive of the new process because most banking-system workers are not familiar with this kind of operation. Once it is understood, however, the Egyptian banking system will operate in accordance with world standards applied in all advanced countries.

Even though each bank will be free to set interest rates to suit its requirements and circumstances, all banks will reach parity to avoid losses resulting from exaggerating borrowing and lending rates. The initial stage will be difficult for bankers, however, because it is fraught with apprehension.

Egyptian Pound Parity With Foreign Currencies for the First Time

Isma'il Hasan, Chairman of Egypt-America Bank:

The new system is in practice worldwide; is natural for Egypt to adopt it. We should be aware that the system has already been practiced in Egypt vis-a-vis foreign currencies which are free in Egypt. Their interest rates [in Egypt] are guided by the world rate (LIBOR) [London inter-bank overnight rate]. As to the Egyptian pound, we will be guided by the discount rate periodically announced by the central bank. That rate is fixed and is publicized and known. We should not be afraid to liberate interest rates. This might jar banks whose lending balances exceed their depositor balances and are therefore dependent on borrowing from other banks. Such banks may worry that their profitability will suffer from the rising cost of borrowing from banks. I agree that inter-bank borrowing rates will rise, but the new system did not merely liberate interest rates. It also introduced treasury notes—an important tool for equilibrium in the currency market. This will make it possible to finance temporary government deficits with real savings and resources at a cost to be determined by the market. Previously, the treasury was financed either directly by the central bank or by the banks at rates set administratively.

Isma'il Hasan adds that the new system will propel banks into useful competition and will drive bank managements to step up operations, become familiar with market conditions and requirements, and double the effort to attract deposits at various terms. This would bring about the desired balance between bank resources and lending commitments. There would be no harm if interest rates varied slightly from one bank to another, especially at the beginning. Market forces would take over in a few weeks or a few months and differences among bank rates will become slight as they are in other

markets where they vary by $\frac{1}{4}$ to $\frac{1}{2}$ percent and could narrow to as little as $\frac{1}{22}$ percent as is the case in London.

Isma'il Hasan made the following comments on implementation of the new system: I believe that each bank will structure its lending and borrowing rates with an eye to other rates available on the market. Existing deposits and facilities are to remain unaffected until due or renewed, at which time adjustments will be made in accordance with the new conditions.

Banks, instead of banding in groups, should coordinate amongst themselves in order to keep competition within safe, fair, and nondamaging parameters. Otherwise, there would have been no need for the new system and [we might as well] go back to the old system of letting the central bank mandate the rates.

Who Is to Pay for Flawed Policies?

Muhammad Farid, chairman of Arab-African Bank of Egypt, called for fundamental coordination among banks during the new policy's initial stage of implementation. He pointed out that the liberalization of interest rates has been a fundamental demand for several years but we were quite late [in bringing it about at a time] when several factors combine to make it costly to certain banks. We must examine the effects of previously flawed policies. The price for them should not be paid by banks alone.

Implementation of the new policy will differ from bank to bank. Public sector banks will have the advantage because of their liquidity and numerous branches and private banks will be burdened. The status of marginal companies should also be examined. How will they be able to afford high interest rates when they were never able to afford the low rates, and how will they be handled? It is also necessary to establish a transition period to bridge the two systems and allow banks to adapt and efficiently implement the system.

A Challenge to the Banks

'Abd-al-'Aziz al-Sabrut, director general of the banking market department at the Bank of Cairo believes that the new system presents the banks with a real challenge now that there is a clear gauge of failure and success under conditions of fair competition. These conditions will create a new economic environment and develop new banking cadres to bring the Egyptian economy into the 21st century.

Economists State Conditions for Sales Tax Application

91AA0217A Cairo AL-AHRAM AL-DUWALI in Arabic
6 Feb 91 p 8

[Article by Amal 'Allam: "Conditions Must Be Met Before Sales Tax Is Applied"]

[Text] As stated in the government statement that Dr. 'Atif Sidqi delivered before the People's Assembly, the

government is striving to increase state revenues. In the context of the trend toward liberalization and transformation into a free economy, it is natural for the budget to rely increasingly on taxes and fees to fund public expenditure. The government will therefore carry out a radical development of all aspects of the tax system. This will naturally include the rapid passage of a sales-tax law to replace the current consumption-tax law.

Discussing the development of the tax system in general, former Prime Minister Dr. 'Ali Lutfi stressed the need for speedy replacement of the ordinary consumption tax with a sales tax to keep pace with the international trend in tax systems. As he said, this will lead to a tangible increase in the amount collected, thus helping to decrease the government's budget deficit. However, care must be taken that no duplication occur due to possible imposition of the tax on production components. This would lead in the end to a large price rise unacceptable to the consumer and to stagnation in the Egyptian market.

As Dr. 'Ali Lutfi says, application of this tax requires that a number of conditions be met before it is implemented. The most important of these is the application of mechanization in all places that deal with saleable goods. This condition has not yet been met and will be difficult to meet in the short term. One must acknowledge that the proposed sales tax and the current consumption tax are basically only a production tax. They are imposed on the producer, but the consumer bears them. On the other hand, the idea of a sales tax is that it is imposed on a commodity at the time of its sale. However, in light of current conditions, there is no alternative to this system, until development occurs in stores.

Dr. Sayyid 'Abd-al-Mawla, head of the Public Finance Department in the Cairo University Faculty of Law, says that despite the importance of the sales tax, there are a number of dangers that must be taken into consideration when it is applied. Applying this tax will require a well-organized and mechanized business community with a specific accounting system and books. The reality in Egypt is that there are many sectors that are not well-organized and not accustomed to keeping orderly accounts. Their true sales and goods turnover cannot be known. Implementation would therefore require blind assumptions or a huge army to monitor and apply this kind of tax. For us to arrive at the application of this tax, it must begin in the well-organized sectors and with the selection of certain goods that are sold through these sectors. It should be stated that this tax will bring about the advantage that percentages will be imposed on all goods sold with the knowledge of the well-organized sectors. However, one must still ask what will be the situation as regards the same goods that are sold in sectors that are not well-organized.

A sales tax is meant to be a tax imposed on sales of products of companies and production units. According

to Dr. Hamdi 'Abd-al-'Azim, consultant on taxes to the former finance minister, such a tax differs from a consumption tax in that a sales tax is not added to the final sales price that the producer sets on the basis of the maximum profitability that he attempts to realize. Instead, the sales tax is considered to be part of the price that the consumer finally pays. On the other hand, a consumption tax is an addition to the price that the producer sets and that realizes for him the best possible profit. In other words, a sales tax does not determine the final price of products; rather, it is considered to be a price component appropriate to the circumstances of consumers and considerations of social justice or social balance.

Because a sales tax is computed only on sales, not on production, as is the case with a consumption tax, the possibility arises that all products may not be completely sold and that the revenue yield may therefore decrease with decreasing consumption or sales. This in itself leads to problems between the consumption tax department and middlemen or sellers, since most sellers do not keep orderly books or registers that would facilitate determining real sales. Tax evasion on the part of sellers may therefore take place. This is something that does not occur when a consumption tax is collected directly from the factory. If we take into consideration the large number of middlemen compared to the number of producers, the large number of people with whom the department will deal if a sales tax is imposed will mean increased collection costs. Compared with imposing the current consumption tax, this is uneconomical.

Thus one may say that the success of a sales tax requires the existence of an adequate system of economic planning, since the tax must be linked to the general plan. Also required is the existence of a highly effective price system and a price planning apparatus having all the necessary information about the costs of producing different commodities and their total supply in the domestic market. Also required is a sound accounting system and an accurate costs system.

Writer Suggests Strategy for Liberalizing Economy

*91AA0198A Cairo AL-AHRAM AL-IQTISADI in Arabic
31 Dec 90 pp 10-13, 16*

[Article by Sayyid Abu-al-Layl: Strategy for Economic Reform in 1,000 Days]

[Text] Egypt must devise a national strategy for internal reform and set a course for national action appropriate to the nature and conditions of the present stage. A comprehensive development strategy is needed to fulfill hopes for a life in which Egyptians reap the long-delayed fruits of their struggle. Such a strategy must be mindful of the internal and external challenges to the nation at this stage, ensure greater domestic action, and rededicate all energy and potential in an integrated scientific manner to guarantee that they are met. At the same time,

we must not ignore the tremendous efforts already exerted or the positive results achieved, even though these have not satisfied the hopes and expectations of Egyptians.

President Mubarak's brilliant foreign policy successes have certainly contributed to higher growth rates for domestic political and economic performance. Dr. 'Atif Sidqi's government has shouldered tremendous responsibility, responding bravely and objectively by implementing numerous policies in crucial areas of economic structural reform, especially with respect to cost/price distortions; control of the inflation rate; enhanced current-account balance performance; review of fiscal and monetary policies, especially rate adjustments related to interest, foreign exchange, taxation, and customs; improving the public sector; encouraging the private sector; and supporting exports.

Nonetheless, voices have recently been raised demanding adoption of a national internal reform program. While respectfully acknowledging the importance of policies and measures already in force, many feel these must be integrated with a number of other considerations as part of a comprehensive internal reform.

In this context, we can expect greater emphasis on certain areas as the government conducts a phased comprehensive reform program appropriate to this country's political, economic, and social absorptive capacity. It will address the basic concerns of national action at this stage and make a positive contribution to a fully-integrated national strategy. The following are some of the many issues which the government is addressing, but which need to be looked at again as part of a comprehensive reform program.

Despite its contribution, the industrial sector is troubled by many basic problems impairing its efficiency and ability to aid in genuine development. Indeed, some industries threaten to constitute such a burden that they could become an obstacle to the development effort by drawing off resources without offering real production in return. While we note with appreciation the government's heightened attention to faltering projects, continuous follow-up is needed at the highest levels so that this vital issue is not lost in the swift ebb and flow of events. We believe Egypt must assign greater emphasis to overcoming the following industrial problems during the coming period:

- Production is below targeted levels, and quality is low.
- Industry relies primarily on the local market and urgently needs to develop industrial exports in a true economic manner.
- The labor force exceeds actual needs, while productivity is below economic rates.
- The rate of return on investment is low.
- Many industrial production units suffer from distortions in their financial structure and weak operating economies.

- Production self-sufficiency is lacking due to under-utilization of available resources, the wide-spread phenomenon of a high faulty production rate, and the low rate of utilization.
- Production costs generally tend to be high.

Thus, we feel that the national program for internal reform as it relates to a strategy for industrial development must implement the following principles:

- Industry must be seen as one of the most important elements of cultural change and a necessary contributor to realizing rapid rates of economic and social growth.
- Egyptian industries must be selected objectively to ensure they have comparative advantages in production, marketing, and financing in both domestic and world markets.
- Existing projects must be rationalized and selected objectively. Where appropriate they must be restructured using sound criteria for economic operation.
- Egyptian industry needs to grow beyond the stage of assembly relying on foreign expertise to one of total local manufacture. It must gradually rid itself of links with foreign industry by supplying its own equipment, spare parts, manufacturing needs, and strategic stockpiles of raw materials for production.
- The principles of integration and concentration must be applied to Egyptian industries by bringing together disparate production units to realize the savings available through large-scale production and proper size.
- Despite an extreme philosophical bias in the past in favor of development through industrialization, Egyptian agriculture is considered the most important source of income and mainstay of the national economy. Because of this bias, however, it is only in recent years that a concern for agriculture has been reasserted.

Apart from difficulties with last season's cotton crop due to the weather and the failure of farmers to follow agricultural extension guidelines, positive efforts in agriculture have led to noticeable sectoral growth. Agricultural exports now account for a greater proportion of total exports, while there has been a perceptible increase in this season's wheat crop and rate of delivery to the government due to much higher per feddan yields. These efforts continue to be impaired by the following constraints which can and must be resolved in the agricultural decision-making process:

- The campaign to upgrade agriculture must rely on integrated planning undertaken by an agricultural planning agency totally independent of other Egyptian planning bodies.
- Ministry of Agriculture efforts to resolve the dilemma presented by the need to provide housing, yet prevent urban encroachment on cultivated land, require effective action from follow-up agencies and the local municipalities.

- Certain nonagricultural constraints, such as the lack of water and electricity, prevent new and reclaimed lands from contributing their fair share to agricultural production and must be addressed.
- An improved regulatory approach must be found to avoid conflicts between agencies responsible for overseeing reclamation and reconstruction efforts.
- The private sector's agricultural-development role must be expanded and deepened by creating giant companies to manage agricultural production on a sound scientific basis and exploit their advantages with respect to mass production, agricultural mechanization, improved product quality, research support, and modern agronomic practices.

Another very important decision to be made is whether we are going to pool our energy and resources and concentrate them in large units to take advantage of high volume and technological progress or whether our production strategy is to be based on a policy of diffusion and dispersal, guided by the successful small-industries model in other comparable economic systems. This will require an in-depth review of the results of recent development experience with an eye to achieving the following goals:

- Increased production and a higher level of efficiency.
- Lowered production costs, thereby reducing product prices to the consumer and increasing exports.
- The introduction of technology to raise product quality.

Management must be modernized through leadership development if a sound program for internal reform in Egypt is to be carried out. Observers unanimously agree that management and implementation are the main problems facing Egyptian reform. In most cases, low performance is due to antiquated managerial concepts and methods, even though the underlying studies and policies are sound. The most important management shortcomings in Egypt can be summarized as follows:

- The true meaning of the planning function is ignored, while emphasis is placed on form rather than content. As a result work is often carried out without objective planning, or when plans are laid down, they are not carried out properly.
- Attention is given to the formal aspect of administrative regulations while their purpose is overlooked. Regulatory action is subject to overlapping jurisdictions, conflicting authority, diffused and ill-defined responsibility, complex procedures, high performance costs, and generally low productivity.
- The concept of follow-up is out-moded and limited to procedure and document control.

When these management shortcomings are translated into practice, they yield the following results:

- Egyptian managers at many locations are unable to achieve high productivity rates.
- Scientific managerial concepts and advanced methods are useless and are not applied.
- Managers take the easy way out by asking for more financing and resources. They fail to use management

methods to increase productivity and to use available resources wisely, rather than seek additional financing.

- Limited national resources and potential are subjected to extreme waste.
- There is no national policy for preparing and developing management cadres, while standards for evaluation, follow-up, and accountability are totally lacking.
- Administrative agencies have swollen larger than they should be, bureaucracy is rampant, and weak communication between the policy-making leadership and lower levels responsible for implementation leads to many administrative and technical misunderstandings.
- There are multiple agencies responsible for providing direction, supervision, follow-up, and control, while many regulations, decrees, and laws conflict and overlap.

In view of the antiquated nature of Egyptian management at a time when effective management is essential to the national strategy for internal reform, the following modernization and leadership development policies are needed:

- Management information must be developed through serious scientific research describing, analyzing, and evaluating present management conditions, methods, and achievements.
- Systems and methods for teaching management in Egypt must be improved and tied to administrative development needs.
- Integrated plans to develop Egyptian managers through careful selection, training, and objective evaluation must be made.
- Management research and consulting services must be regularly offered under a plan addressing the stages and needs of comprehensive development.
- The concepts of administrative and financial independence, decentralization, and management by objective in production and service units must be further ingrained.
- Laws and regulations organizing administrative activities have to be improved and set as a general framework to guide management with a high degree of flexibility and efficiency.

All other tactical policies necessary to a national internal reform strategy must be carried through to completion by concentrating on the following goals:

- Creation of a proper environment in which private national capital can participate more effectively in development. Despite the many government policies and measures adopted in this area, Egypt's private sector needs further encouragement incentives, most importantly with respect to tax and customs treatment, and a review of the many laws seen to be restricting the freedom of action of national capital. This has to be done as part of the present policy to upgrade the public sector and apply the principle of

privatization. In our view this is possible and easily accomplished if carried out by strengthening relations between national capital and the government.

- Taking advantage of our experience with a policy of economic liberalization. The accomplishments of this policy need to be evaluated in order to avoid its negative aspects and still exploit favorable political conditions in America, Europe, and the Arab world. By removing those political obstacles impeding Arab and foreign capital and adopting a number of reform policies guaranteeing some improvement in the overall national climate, Egypt can make it possible for Arab and foreign investment to play its proper role in the coming stage.
- Strengthen ways to attract foreign currency. We must continue developing traditional sources of foreign currency, while concentrating on other alternatives which have proven effective of late. The most important recent additional source of foreign currency has been the Arab world, where enhanced military cooperation, military exports to the Arab states, and active Egyptian-Arab economic cooperation through investment at the bilateral- and regional-grouping levels as a result of recent successful diplomatic activities will go a long way to strengthen our foreign currency resources. Another important basic source of foreign currency can be ours if we actively seek the repatriation of funds owned by Egyptians and deposited or invested abroad. In any case, we recommend these two potential sources of foreign currency be exploited. We must not repeat the lost opportunity of the 1970's when importation and consumption drained off the high foreign currency inflows that resulted from oil exports, expatriate transfers, and Suez Canal revenues. Increased foreign currency proceeds should be invested to establish a base for export production as a reserve when foreign currency income falls for reasons beyond Egypt's control as in the case of the troubled cotton exports of the last two years and the earlier drop in oil prices.
- Fully benefiting from external financing. Foreign loans must be used in a manner leading to higher production, lower imports, and reduced demand for foreign currency. This is done by working to improve performance related to foreign loans, and thereby, our ability to absorb such loans, particularly now that Egypt has made such important progress in infrastructure development and adopted administrative mechanisms and policies that improve our ability to make use of them. Yet while some progress has been made, we urge continuing follow-up attention be given to foreign loan activity to ensure that utilization-efficiency rates are maximized.
- We must not submit to present conditions in world oil markets. We must be prepared to exploit any future positive change in petroleum by continuing to explore for oil, while rapidly developing our petrochemical export industries to minimize the effects of lowered crude oil prices. At the same time we must expand the exploitation of mining and mineral resources which have not yet received their fair share of attention despite their strategic and economic importance.
- Continuation of our present successful tourism policy which has led to a tangible increase in foreign currency revenue through better economic management and studied improvement of the industry. Expansion of tourism activity using the same concepts and principles will enable Egypt's vast unexploited tourism resources to contribute to solving Egypt's foreign currency problems.
- Expansion of economic services constituting invisible exports such as insurance, reinsurance, marine and air transport, and airport and harbor services, all of which offer important opportunities for attracting foreign currency.
- Revival of the role of tax-free industrial and production zones once the negative aspects that resulted from the Port Said Free Zone experience are worked out.
- Continuance of reconstruction efforts, using achievements to date to continue to provide the social and economic essentials of life. New communities suffer from problems that can be solved easily given greater managerial competence and coordination with various reconstruction agencies. A successful reconstruction strategy will have a positive impact on the political, social, and economic problems exerting pressure on Egypt's overall national climate.
- Enhancing the role of banks and improving the structure and activity of banking institutions so they can contribute to higher production, controlling consumption, and reducing inflation. Monetary and credit policy and related measures must be maintained and reviewed as needed to stay abreast of international and domestic economic developments.
- Greater control of consumption and expenditure is absolutely essential to internal reform. Measures to control consumption and expenditure must be strengthened if we are to achieve meaningful deficit reductions in the national budget, the balance of trade, the balance of payments and higher rates of saving and investment. We must also find more effective ways of controlling the use of foreign currency.
- Comprehensive radical overhaul of the [public] sector through the positive steps currently being taken by the government to implement privatization as an economic-reform tool. Overhaul of the public sector must be based on the principle of economic return on investment by enhancing laws related to workers, management methods, eliminating public sector subsidies, and creating a truly competitive atmosphere between it and projects in the private and foreign investment sectors by improving financial and administrative control systems.
- Rationalization of government and public sector employment where social considerations have created a relatively high number of workers and the phenomenon of disguised unemployment which lead to [wasted] public resources in the form of wages and such operational requirements as workspace and furniture. It is important to point out that rationalizing

labor conditions is linked to success in a number of other economic and social areas, especially investment and educational policy which must be studied objectively if they are to play their proper role.

- Review of the bases and concepts of protecting national industries. Following the outcome of activities to liberalize the economy and simplify importation, voices were raised in some companies which had not controlled the quantity, quality, cost, and price of their production seeking protection from competition rather than using it as an incentive to uncover economic inefficiencies. This raises the point that we must continually upgrade production, because regardless of what steps the government may take to protect domestic production, everything hinges on consumer preference which may lead to higher domestic-goods inventories and stagnation. The government must also continue its positive actions in fully evaluating and taking decisions on the status of losing companies and faltering projects.
- Comprehensive review of the status of the capital investment companies in light of the government's positive measures in this regard. A model policy for their participation in development should be drawn up taking into account domestic and regional political and economic variables affecting the rate of investment growth.
- Continuation of recent carefully-considered, positive, and serious monetary and credit policies that are manifestly stimulating more effective banking sector participation in the finance of development through flexible interest rates, and in particular by assigning priority to maintaining a stable exchange rate and taking decisions that organize and channel credit to serve production and export goals.

Support for government measures for comprehensive internal reform will not exist unless we are mindful of the impact of society on development. This involves organizing society, embedding those sound social values so important to comprehensive economic reform, and ridding society of the negativism and suspicion that impede economic development. In order to accomplish this, the following important issues must be addressed:

- Critical attention must be paid to adopting and implementing a clear population policy that specifies the ideal size of the population, showing a scientific geographic distribution in a manner appropriate to our economic potential in every region so the goal of reducing the rate of population growth can ultimately be achieved, and the population can be transformed from a burden on development to the engine driving it.
- Internal migration between districts must be organized and appropriate controls put in force to create a balanced population in keeping with the nation's production capabilities and economic policy.
- We must continue to support government efforts in rural development by spreading education and development awareness, improving health services, and providing economic opportunity.

- We must have higher rates of development for communities in remote areas, provide them with the facilities of modern life, and attract citizens of distinguished character to create progressive population concentrations in the new urban communities.
- More concentrated attention must be paid to promoting social and moral values and investing the accomplishments already achieved to strengthen the democratic process.
- A specific program must be developed to reorganize the social and class structure in Egypt. An economic balance must be established between the classes to strengthen the principle of social tranquility. Controls organizing social mobility need to be established by improving education, employment, and tax systems, and controlling sources of illegal wealth as envisioned under Egypt's constitutional framework.
- We must implement a health development program aimed at overcoming sanitary conditions hobbling economic progress, maintaining a healthy environment, and protecting society from pollution and disease.
- We must strengthen public participation in the resolution of social and economic problems, place more emphasis on improving rural communities through support, and develop various self-help efforts to make them more effective.
- The state must continue its well-thought-out progressive policy of deepening sound religious feelings among Egyptian citizens and thereby achieving commitment to religious principles.
- The concept of social justice must be developed to include positive participation in development and social service. The existing justification for social services must be transformed to a philosophy of compensation commensurate with an individual's productivity and contribution to development.

ISRAEL

Sharon, Levi Debate Future of Peace Process

TA2822153A Tel Aviv HA'ARETZ in Hebrew 28 Feb 91
p A1

[Report by political correspondent 'Aqiva Eldar]

[Excerpt] [passage omitted] Prime Minister Yitzhaq Shamir did not intervene in a sharp exchange of remarks between Ministers Levi and Sharon concerning government policy on the peace process, that took place yesterday. Sharon attacked Levi for the latter's remarks stating that he is willing to negotiate with the Palestinians, even if some among them danced on rooftops when Scuds were falling on Israel.

Sharon said that the Gulf war calls for a reevaluation of Israeli policies. He suggested that the government adopt his plan and annex parts of the West Bank. He rejected the elections plan and expressed his opposition to negotiations with Jordan.

[Tel Aviv YEDI'OT AHARONOT in Hebrew on 28 February 1991, carries a similar report by political correspondent Shim'on Schifer on page 7 that quotes Sharon as saying: "Israel has no interest in King Husayn's continued rule. This has been proven again during the Gulf war and crisis with Iraq." Sharon also called for the "immediate application of Israeli sovereignty and law in the areas of Judaea, Samaria, and the Gaza Strip that are settled by Jews, if Israel intends to present the autonomy plan as a solution for the Palestinian problem."

[As he usually does, Sharon did not wait for Levi to reply to his allegations and left the room. This time, however, Levi spoke at length, and when Sharon returned to the room he repeated in his ears what he told other ministers before.

[Levi quoted the May 1989 peace initiative and claimed that he is not changing it. He also restated the government's guidelines according to which it has pledged to place the aspiration for peace at the top of its concerns, and to encourage Arab residents of the territories to take part in the political process. According to him, as long as the government has not decided to change its policy, all of its members are obligated to act for unconditional peace negotiations with Arab countries and the residents of the territories.] [passage omitted]

Editorial Probes Strategic Implications of War

TA0831306A Tel Aviv HA'ARETZ in Hebrew 8 Mar 91
p 5

[Article by Reuven Pedatzur]

[Text] One of the important strategic and operational lessons learned by the commanders of the Arab armies during the course of the Gulf war relates to the incredible influence that the 39 Iraqi ballistic missiles had on the home front and on Israeli leadership. This lesson will probably have a decisive impact on the pace of missile acquisition in Middle Eastern countries and on Israel's steps to thwart the missile threat.

The lesson of the Scuds may accelerate the pace of acquisitions abroad and the ability to develop their own ballistic missiles in the Middle East, since, ostensibly, the Arab countries have found a forceful answer to Israel's air superiority. There is no doubt that more than a few strategists in Damascus and Tripoli estimate that if missiles based on 30-year-old technology can paralyze an entire country for two weeks, then the preferred method of action now is to acquire a greater number of more advanced ballistic missiles.

It makes no difference whether or not Israel responded to the Scud launchings. The strategic issue that now faces Israel and its neighbors does not revolve solely around the unilateral preparations of Israeli deterrence capabilities. Beyond the various conclusions regarding the immunity of Israeli deterrence, it turned out during the course of this war that missiles can be launched at Israel

and that its citizens can be hit from 600 km away without even endangering the life of one single soldier. At last -it could be concluded in Arab capitals- Israel's weak spot has been exposed.

From here to a decision to enlarge significantly the resources allotted to missile acquisition there is a short distance. Assessments which preceded the Gulf war ascertained that within 20 years, Syria, Jordan, Iraq and Libya would have no less than 2,000 ballistic missiles threatening targets deep in the heart of Israel. It is reasonable to assume that this assessment will now change in terms of an increase in the expected number of missiles.

However, the nature and operations of the missiles are immeasurably more important than their quantity. There is no doubt that the Arab countries will work toward acquiring and developing missiles far more advanced than the Scuds. The Iraqi Condor missile project which was cancelled is an example of what is to be expected in this sphere. This project, which was based on an Argentine missile, was a joint project with Egypt. The intention was to develop a highly accurate, ballistic missile for a range of approximately 900 km.

In addition to the fact that Egypt participated in the project to develop a long-range ballistic missile, which is indicative of its future intentions in this sphere, one must realize that it will be difficult to stop the spread of advanced ballistic missiles in the Middle East. During the course of the next decade, and certainly during the following one, advanced ballistic missiles, a large number of them carrying non-conventional warheads, will be deployed in Arab countries.

In this context, it should be noted that Syria already possesses missiles with chemical warheads. In addition to antiquated Scud missiles with a range of some 300 km, Syria is also equipped with much more advanced and precise SS-21 missiles. These missiles have an operative range of around 100 km and are already in place in dozens of launching sites in Syria. It is still too early to estimate what effects Israel's restraint coupled with the mass exodus from Tel Aviv will have on Syrian strategic thinking regarding the future use of ballistic missiles.

Editorial Criticizes Palestinian Leadership

TA0631741A

[Editorial Report] Tel Aviv DAVAR in Hebrew of 6 March 91 comments that the Palestinians, in the past six decades, have managed to miss every opportunity for peace, and have persistently backed all the wrong horses. Their leaders, from Haj Amin al-Husayni through Yasir 'Arafat, have been primarily concerned with their own personal welfare, wealth and prestige, and only afterwards concerned for their own people. The Arab states as well, only supported the Palestinian cause when it suited their interests. Thus the Palestinians rejected the partition plan of 1947, missed initiatives which came after 1967 and blindly opposed the Camp David Accords.

To a large extent, the intifadah reflects the Palestinians' frustration and disappointment with their leaders, who failed to translate the success they had in raising the Palestinian issue from world awareness into political gain. Any political gains that were achieved have been wiped out by the Palestinians' support for Saddam Husayn. Those who dance on rooftops while Scuds are landing in Tel Aviv and who assist in establishing an Iraqi government in Kuwait, forego moral claims against continued Israeli control in the territories.

The Palestinian residents of the territories -despite the downfall of the PLO position- are now being presented with a unique opportunity to take their fate into their own hands and embark on a new political-diplomatic path. This option is within their grasp only if the Palestinians realize that they must reject violence and terror, not only against Israel but also against the moderates among themselves, and if they realize that a political settlement can only be reached under U.S. and Egyptian auspices. In this regard, the Shamir-Rabin peace initiative, with some moderation, can serve as a basis for talks if a negotiating partner can be found.

If the Palestinians end their delusions and read the political map correctly, there might be a chance for them to progress independently toward political self expression without harming Israel's security and without causing instability in the region. Unwillingness on their part to embark on this path will be self-destructive: not only will the residents of the territories suffer as a result of their armed struggle with Israel, they will also lose international political support as well as financial assistance, which they have thus far enjoyed from Saudi Arabia and the Gulf states.

JORDAN

Draft National Charter

91AE0231A Amman AL-DUSTUR in Arabic 30 Dec 90
pp 12-13

[Excerpts] Amman—AL-DUSTUR today publishes the text of the draft National Charter following its completion and approval in final form last night by the Royal Commission to Draft the Charter.

The Charter consists of a historical prologue and the following eight sections: Charter Objectives; A Nation of Law and Political Pluralism; Jordan's National Security; Economy; Society; Culture, Education, Science and Information; Palestinian, Arab, Islamic, and International Aspects of Jordanian Relations.

Last April 9, the eminent royal will approved formation of a 60-member charter commission under the chairmanship of Mr. Ahmad 'Ubaydat to prepare a draft charter. A number of sub-committees were formed to study various sections of the charter, detailed discussions of subcommittee recommendations were held by the general commission, with some points referred back

to the subcommittees several times for consideration of the remarks and views held by members.

The following is the text of the draft Jordanian National Charter:

In the Name of God, the Merciful, the Compassionate.
[passage omitted]

Section One: Rationale and Objectives

To reinforce and complete the drive to build Jordan, His Majesty the King issued a royal directive forming a royal commission to draft a national charter for public national action, defining programs, clarifying the path to the future, and establishing general guidelines for the practice of political pluralism as the other pillar of democracy, by relying on fixed constitutional principles, the national political heritage, and current realities of Jordanian society to ensure continued national progress and democratic transformation and avoid stumbling and regression.

The Jordanian constitution established a body of general truths and principles organizing the system of government in the Hashemite Kingdom of Jordan. Since the origin of the Jordanian state and the consolidation of its component elements, the Jordanian people have treated these truths and principles as incontrovertible and indisputable, springing as they do from the depths of their convictions, consciousness, and self-interest, namely, the belief that the national identity of the Jordanian people descends from and belongs to the Arab nation, and belief in Islam as the state religion, the civilization, and the culture of the Jordanian people.

Whereas commitment to these truths and principles makes continuing Jordan's national and patriotic struggle a basic mission placed equally on the shoulders of the government and the people; and

Whereas continued cohesion of the leadership and the people is one of the most important guarantees for achieving national and patriotic goals; and

Whereas the historical stage through which Jordan and the Arab nation in general now passes is one filled with challenges and danger threatening the course of the nation, warning of the loss of its will, its freedom, and its ability to keep pace with scientific and cultural advancement, and preventing it from investing its resources for the benefit of its sons and from participating with other nations in building a better future for mankind as a whole; and

Whereas the Jordanian citizen seeks to advance, to be provided with the requisite power to defend his country, to guarantee the security of the society to which he belongs, and to be endowed with a keen sense of responsibility and a deep understanding of the importance of sharing in fashioning his future and that of his sons through a democratic framework and sound stable institutional principles; and

Whereas the content of democracy is reinforced by affirmation of mankind's internationally recognized human rights, by guaranteeing the rights of citizenship provided under the Jordanian constitution and so abundant in our great Islamic and Arab heritage which affirmed and revered them, including the right of people to differing opinions, the right of the citizen, male or female, to change his condition and improve his status using legal methods, and the right to use democratic means to express one's opinion of what is needed for the benefit of the community at large and allow him to participate in decision-making;

Therefore, the democratic option is the most beneficial and appropriate means of fulfilling the national, patriotic, and human hopes and ambitions of the Jordanian people. A consensus of opinion has formed among official and popular bodies at all levels regarding the corpus of basic national and patriotic concepts, values, principles, and objectives which must be included in the charter to govern the general path to be taken by the country and to organize relations between all official and popular national segments of this society. This national consensus is to be considered an advanced cultural achievement and a comprehensive project for the future whose outlines and features are to be determined on the basis of the following bases, truths, and fixed principles:

1. The system of government in the Hashemite Kingdom of Jordan is that of a parliamentary hereditary monarchy. Adherence by all to legitimacy and respect for the letter and spirit of the constitution makes unity of the leadership and the people possible.
2. The Jordanian people are part of the Arab nation. Arab unity is the only option capable of achieving national and patriotic security for the Arab people in all of its lands, protecting the psychological and economic stability of our nation, and ensuring that it has the means to endure, to prosper, and to continue.
3. Faith in God, respect for spiritual values, adherence to the supreme example, and acknowledgement of the right of all men to a free and worthy life are the essential ingredients in building the state and developing Jordanian society for the better.
4. Islam is the religion of the state, and Islamic Shari'ah law is the primary source of its legislation.
5. Arab Islamic civilization open to the civilization of mankind is the underpinning of the national and patriotic identity of the Jordanian people and the cornerstone of its unity, independence, and progress in confronting division, dependency, and cultural invasion in all their forms. It is the fountainhead of those pure values which Jordanian society is seeking to implant through science, knowledge, proper education, and sound example.
6. Arabic is the official language of the state and the language of the Glorious Koran which preserved its purest essence for arabism. Its sovereignty must therefore be reaffirmed in Jordanian society at the official and

popular levels. It must be certified for use at all levels of education while attention is paid to creating a movement of arabization and translation that keeps abreast of rapid developments in science and is intent on the learning and teaching of other living languages.

7. Respect for reason, belief in dialogue, recognition of the right of others to hold a differing opinion, respect for the other opinion, tolerance, and rejection of political and social violence are the essential characteristics of Jordanian society and lead us to conclude that coercion, fanaticism, sectarianism, and regionalism have no place in religion.

8. Jordanian men and women are equal before the law. There is to be no discrimination between them with respect to rights and duties, regardless of race, language, or religion, in their practice of constitutional rights and commitment to the supreme interest of the state and the ethics of national action, to ensure that the resources and spiritual and material capabilities of Jordanian society are directed towards achieving the objectives of unity, progress, and building the future.

9. The duties of state institutions, agencies, and individual members of Jordanian society include reinforcing the supremacy of law in the nation and furthering the path of democracy based on political pluralism.

10. Political, party, and intellectual pluralism is the way to implant democracy and achieve Jordanian popular participation in conducting the affairs of state and a guarantee of national unity and a balanced civilian social structure.

11. Patriotism is commitment to the freedom of all citizens, the independence, security, and advancement of the nation, genuine practice of national unity, affirmation of the sovereignty of the Jordanian people on their national soil, and upholding their dignity, free of all forms of discrimination, fanaticism, and reclusiveness.

12. National independence requires the liberation of the national will from various external pressures and hegemony. It is realized and maintained by the continuous presence of an effective national political will at all levels. This requires developing institutions and systems and possessing the means of modernization and appropriate programs for advancement to meet the challenges of the future, while holding on to the beneficial traditions of Jordanian Arab society and taking pride in its ancient heritage.

13. The Jordanian armed forces are the nation's bulwark and shield guaranteeing its independence and security. The Arab Legion is the vanguard of liberation and defence of Arab dignity. The strength and ability of the army require that the citizenry and the popular army be effective defenders strengthening national security. The state and society are responsible for supporting army capabilities and preparedness and for providing the best possible conditions for developing it.

14. A national economy liberated from dependency is a true mainstay of national independence, security, and progress. This is achieved through self-reliance, developing latent national capabilities, wise investment of national resources, and wealth, strengthening all elements of the production base, providing capable management, and working for stable integrated basic economic legislation within a framework of social justice.

15. The demands of social justice for all Jordanians are to be achieved by expanding various forms of social insurance coverage, improving labor legislation, and narrowing the income gap in order to achieve social balance and tranquility and to provide stability and security within the society.

16. Respect for human rights, enhancing democracy, guaranteeing continuing balanced development, and achieving managerial self-sufficiency in the Kingdom are basic national goals requiring work toward a unified management system for the Jordanian state, tying local agencies to the central authority for purposes of guidance and control, strengthening the economic, political, and social structure of the state by supporting the concept of local administration in governorates and regions by providing practical opportunities for the people to practice their right to conduct their affairs by themselves, ensuring continued and deepened cooperation between government and private efforts, furthering democratic action, and enabling the citizenry to share the burden of responsibility in the context of countervailing rights and duties.

17. Jordan's universities are an important part of the nation's institutions that must be towers of intellectual brilliance and scientific advancement. This demands the provision and guaranteed practice of academic freedom, improvement of university syllabi, continued openness to the horizons of knowledge, scientific research and methodology, linking the role of the university to the advancement and needs of Jordanian society, and preparing universities to participate in building national institutions, educate Jordan's sons, and prepare them to face the problems of the present and the challenges of the future.

18. The decade of the 1990's will be a decisive one for Jordan and the Arab nation. We must enable our nation to continue to pursue its great awakening and finish assembling the component elements of its strength and solidarity so that it can face the challenge of this stage and the twenty-first century represented by the revolution of democracy and human rights, the establishment of large economic blocs, and the advanced technology and information revolution.

Section Two: A Nation of Law and Political Pluralism

First: A Nation of Law

1. A nation of law is a democratic nation committed to the principle of the sovereignty of law deriving its legitimacy, powers, and effectiveness from the free will

of the people. Likewise, all powers within the nation are committed to providing legal, juridical, and administrative guarantees to protect man's rights, dignity, and basic freedoms as established by Islam and affirmed by the Universal Declaration of Human Rights and all relevant international charters and treaties issued by the United Nations.

2. The Jordanian state is a nation of law in the current modern concept of a democratic state. It is the state of all citizens, regardless of how their opinions may differ or how many they may be, deriving its strength from genuine open application of the principles of equality, justice, and equal opportunity, and providing the Jordanian people with the education needed to participate in decisions concerning their life and matters affecting them, thereby affording citizens the psychological stability, reassurance, confidence in the future, zealous concern for state institutions, and pride in the honor of national affiliation.

Second: Basic Concerns of a Nation of Law

1. Commitment to the letter and spirit of the constitution under which truth takes precedence in the actions of the legislative, administrative, and judicial authorities.

2. Commitment to the principle of the sovereignty of law wherein an independent judicial authority has full oversight.

3. Commitment to democratic practice under the principles and requirements of social justice.

4. Affirmation that laws in general, and the laws regarding parties, elections, and publications in particular, are dedicated to respecting the citizen's basic rights and public freedoms.

5. Adoption of the method of democratic dialogue to express opinion, rather than forms of pressure or intellectual terrorism, at all formal and popular levels.

6. All government institutions must carry out their duty to deal with citizens and agencies and provide them with their services on the basis of absolute equality. No group, party, or organization may exploit these institutions, whether civilian or military, to achieve political or party goals, without thereby diminishing the right of the citizenry to political organization. All the foregoing is to be considered a basic condition for success of the democratic way.

To reinforce the principles indicated above and to further the democratic structure of the state and Jordanian society, efforts must be made to achieve the following:

A. Establish under a special law an independent agency entitled the Diwan al-Mazalim [Ombudsman's Bureau, Bureau of Complaints] to be responsible for inspecting and overseeing acts of the administration and the behavior of its employees, submitting its reports to the National Assembly and the Cabinet in accordance with the provisions of the constitution, relevant laws, and

regulations without infringing on the independence and jurisdiction of the judiciary.

B. Establish under a special law an independent agency to modernize and upgrade legislation based on the necessary studies and research. The agency will submit its reports with respect to the foregoing to the National Assembly and the Cabinet.

C. Establish a constitutional court with the following responsibilities:

1. Interpretation of the provisions of the Jordanian constitution with respect to matters referred to it by the Cabinet.
2. Render decisions on constitutional issues referred to it by the courts regarding cases being heard.
3. Render decisions on disputes and appeals related to the constitutionality of laws and regulations concerning lawsuits raised by parties before the court.

In all the cases stipulated in the foregoing paragraphs the jurisdiction of the constitutional court shall be limited to ruling on constitutionality.

D. Unifying legislation related to states of emergency and grave emergency as provided in the constitution under a single law whereby any decree of the Cabinet declaring either of the aforementioned states and the duration either shall be in force to be subject to the approval of the National Assembly. In all cases administrative decisions made under this legislation shall be subject to Supreme Court of Justice review.

E. Assignment to the National Assembly of the cabinet's legislative powers under Articles 114 and 120 of the constitution relating to government works, supplies, and civil service systems.

F. Making budgets of public institutions subject to National Assembly approval and making budgets of joint public-private companies subject to subsequent control of the National Assembly when the participation of public funds is 50 percent or greater.

G. Strive to make needed constitutional amendments to meet the demands of progress and revoke those constitutional provisions which are not longer justified.

Third: Guarantees of the Democratic Way

Among the most important guarantees of the democratic way and the achievement of political pluralism are commitment to the following principles:

A. Respect for the rules of democratic action in the public behavior of Jordanian political organizations and parties because they guarantee justice and stability.

B. Embedding the values of tolerance, objectivity, respect for the beliefs of others, and political and party practices that avoid narrow personal struggle and defamations of persons and agencies.

C. Guaranteeing basic freedoms to all citizens, thereby protecting the fundamentals of democratic society and the rights of the individual and ensuring fully free and open expression of opinion under the framework of the constitution.

D. Achievement of equality, justice, and equal opportunity for all citizens, men and women alike, without distinction.

E. Maintenance of the civil and democratic character of the state and considering any attempt to revoke or impede it absolutely void because it constitutes an infringement on the constitution and a violation of the principle and concept of pluralism.

Fourth: Rules for Organizing and Regulating Parties

1. Jordanians have the right to form and belong to political parties and organizations, provided their purposes are legitimate, the methods they employ are peaceful, and their systems of organization are not in violation of constitutional provisions. Further, laws regulating party action must not contain any provisions which explicitly or implicitly obstruct the constitutional right to establish political parties.

2. Political and party activity in Jordan is based on the principle of pluralism as it relates to thought, opinion, and organization and on providing the legitimate needs and means of democratic competition.

3. A party must announce and publicly declare its articles of incorporation and bylaws defining party objectives, its political, economic, cultural, and social programs, and its sources of financing.

4. The court alone has the right to determine violations related to the application of the parties law.

5. Jordanian political parties must be committed to the following principles in their bylaws and public and private programs, directions, practices, and activities:

A. Adoption of democratic methods in the party's bylaws, selection of leadership, and conduct of activities in the context of democratic dialogue and free competition between political parties. This applies to the party's relations and interaction with other political parties and organizations and with constitutional and popular institutions in the framework of respect for conflicting opinion.

B. The party's leadership and members must not be linked organizationally or financially with any non-Jordanian agency. No party or organizational activity will be allowed to be directed by orders or instructions from any foreign state or agency.

Within the commitment to the contents of this paragraph and all rules and regulations related to party organization, the contents of the articles of incorporation, bylaws, and programs of any licensed Jordanian

party as they relate to Palestine, Arab unity, and Islamic solidarity are to be considered Jordanian national activity.

C. Any party bearing ministerial responsibility or participating therein must be committed to equality and equal opportunity for all citizens and adopt capability and qualification as the basic requirements for those assuming public positions.

D. For their financial resources, parties must rely on specific, declared, known local sources, subject to detailed audit and legal controls in the manner stipulated by law.

E. In their formations, activity, and direction, parties must be committed not to engage in partisan organization or polarization inside the ranks of Jordan's armed forces and security agencies or form military or paramilitary organizations (militias) of any type whatsoever.

F. In their various formations, parties must have headquarters which are declared and known, and not use state institutions, offices, agencies, and other public, charitable, or religious institutions or exploit them on behalf of any party or organization, nor may they embroil these institutions in any political or partisan struggle.

Section Three: Jordanian National Security

Jordanian national security is heavily reliant on the invincibility of Jordanian society and the buttressing of its internal strengths to protect national soil and an independent will, to ensure the freedom and security of the Jordanian people, and to provide the basic components of a dignified life for the citizen so that he may achieve personal and material security and psychological and social stability wherever he lives, although Jordan's geographical location and political stance in the face of Zionist danger imposes on him the need to mobilize all his energy, capabilities, and efforts to confront it, defend his existence, and protect national and Arab security by every way and means.

Hence, Jordanian national security is based on the following fundamental principles:

1. Jordanian national security is part of Arab national security, affecting it and being affected by it both positively and negatively, such that Jordan's steadfastness and resilience form part of that of the Arab nation and reaffirm the importance of the Arab dimension of Jordan's strength, stability, and protection of its security.

2. Jordan's policy regarding the concept of national security springs from its awareness of the dangers of division and dependency and the threat they present to Arab and Jordanian political, economic, and social security. This requires a national policy seeking to affirm independence in all fields, reinforce Jordanian society, deepen the sense of national affiliation, teach new generations about sacrifice and belief in issues of Arab destiny, enlighten them about the nature of the enemy, his objectives, where his alliances are located, and the real danger he represents as a threat to the future of the

Arab nation and its sanctuaries, emphasize the importance of Arab and Islamic world support to Jordan in maintaining its security and protecting Arab and Islamic sanctuaries.

3. Achievement of Jordanian national security requires enhancing the concept of professionalism within our armed forces, striving to broaden its base, strengthen and develop its capabilities, and mobilize the energies of the nation and the people on its behalf, to enable it to carry out its duty to protect, develop, and assist in building the nation and to achieve the highest degree of cohesiveness and commitment among all sectors of the populace to preserve the nation's security and protect its achievements.

4. Concern for developing and equipping security agencies to carry out their duties in the fullest possible manner consistent with their responsibilities to protect the external security of the state and guiding them in their duty to maintaining internal security within a context of respect for the citizen, protection of his welfare, maintenance of his freedom, commitment to his constitutional rights, and emphasizing their moral responsibility for promoting mutual confidence and reassurance between them and all segments of the population.

5. The economic and social security of the various segments of the Jordanian people is a basic pillar of their national security requiring a greater national ability to rely on its own resources to enable it to meet the basic needs of the people, thereby preserving the dignity of the citizen and providing for his material and psychological security and standard of living.

6. Strengthening the democratic way is a key element in deepening a spirit of national belonging, enhancing confidence in its institutions, helping forge the unity of the Jordanian people, and protecting their national security. This comes about as a result of providing opportunities for genuine participation by all citizens in a context of social justice, equality of opportunity, and a balance between rights and duties.

Section Four: The Economy

The Jordanian economy operates under constraints presenting a great challenge to development. The most important of these is the lack of mineral resources and sources of energy, scarcity of water, limited arable land, a large population of minors, and a narrow domestic market in the absence of practical application of the concept of Arab economic integration, insufficient political stability in the region, and constant growth of the civil defense burden.

This combination of constraints has led the Jordanian economy to major reliance on external loans and assistance. Nonetheless, the economy has achieved noticeable rates of growth that have had an impact on many areas in various ways.

It was thus natural that the state's role widened as it increasingly intervened in economic activities and bore the burden of providing infrastructure to all parts of the Kingdom. Given the absence of a comprehensive economic policy, the need for sensible administration, and shortcomings in actually monitoring public performance, the various economic sectors grew at an unbalanced rate and incomes became clearly disproportionate. This caused the middle class to shrink and reduced its essential role in building and developing the Jordanian economy. A pattern of luxurious investment and conspicuous consumption dominated the public and private sectors, waste of state resources accelerated, the size of the public debt grew tremendously, and growth of the national economy dropped.

Thus, a future vision of the country's economy and socio-economic development must concentrate on the following elements:

1. Basing the Jordanian state's economic system on private ownership, encouraging individual initiative, affirming state ownership of natural resources, natural wealth, and strategic projects, its right to manage or supervise such resources, wealth, and projects in a manner dictated by the public interest, and organize the national economy and allocate resources in accordance with national priorities.

2. Taking a well-defined specific strategic view that adopts a methodology of self-reliance, releasing the creative energies of society, placing work and production high on the scale of social values, rebuilding and developing the economic structure of rural Jordan, mobilizing our internal resources, wealth, and capabilities, using them wisely, concentrating on developing a national base of production, improving the level of services, raising the quality of public administration, and activating financial and quality control systems.

3. Model exploitation of all available resources, use, and development of scientific methods and appropriate technology to increase productivity to meet the needs of citizens, provide them with job opportunities, help increase their income, diversify its sources, and thereby raise their standard of living.

4. Commitment to making economic decisions that are institutionalized, open, legally and objectively proper, and avoid individual considerations or private interests.

5. Adoption of modern precision-information methods as an essential basis for socio-economic planning and an important element in the decision process and strive to gather, document, and publish such information in a timely fashion.

6. Affirmation of the right to organize unions in all economic sectors, including agriculture, continued modernization of labor and union legislation to ensure a minimum wage level, provision of ongoing training and skills upgrading for the labor force, and organizing the

relationship between employers, workers, and the government in a manner that establishes a balance among roles, rights, and duties.

7. Striving to provide job opportunities to all citizens, set policies, and take appropriate measures to ensure this right through national plans aimed at developing economic activities that require larger labor inputs, improving employment opportunities and conditions, continued development of the education system by matching it to society's needs, and assigning a higher social value to labor.

8. Waging war on poverty and dealing with the impact it has is a strategic objective of the Jordanian state and a national responsibility requiring that job opportunities be offered to those who are able and seeking work, with priority given to Jordanians. We must seek a just geographic and social distribution of development services and projects, make individual instances of poverty the exception, and minimize its negative impact on the individual and society.

9. Jordanians in countries abroad are part of the socio-economic fabric of this nation. Complete information regarding their status must be documented, means of communicating with them reinforced, and their ties with the homeland strengthened by looking after their interests in the locations where they work, ensuring they are able to practice the rights of citizenship, and facilitating the ways they fulfill their national obligations and duties.

10. The future of development in Jordan is heavily dependent on water as a strategic element. State ownership of water and sovereignty over it must be stressed, and its sources protected and developed. Water must be properly managed, storage and transport efficiency raised, and its use controlled within a clear system of national policies and priorities.

11. Working to integrate the roles of the private, public, mixed, and cooperative sectors of the economy, creating objective conditions for their development, acknowledging the role each has to play, evaluating their performance in economic and social terms, and striving to eliminate financial exemptions granted to public companies and institutions operating on a commercial basis provided there is no conflict with provisions and objectives of the law encouraging investment.

12. Since agriculture is a fundamental component of the Jordanian economy, society must assign it the priority and concern it deserves. The role of agricultural institutions must be activated and integrated, desertification and urban encroachment on farmland halted, and the quality of agricultural research and extension services upgraded and spread. Agroindustrialization, development of animal husbandry, provision of production requirements, and better methods for marketing farm products should all be considered an essential part of national policy needed to achieve food security.

13. Concentration on high value-added national industries relying on locally produced inputs, providing the proper conditions and incentives needed if they are to be established and grow, and adopting the principle of competition among the various national industries.

14. Improving and marketing services that rely on national capabilities and expertise, since the services sector is a basic contributor to the national economy.

Tourism is an important source of national wealth. We must exploit its potential and ensure its marketability by upgrading tourist and archeological sites, encouraging domestic tourism, cultural activities, and Jordanian folk art, and support traditional crafts and industries throughout the Kingdom.

15. National economic growth demands clear integrated fiscal and economic legislation developed with an eye to domestic and external variables, encouraging savings, offering a suitable environment that promotes and rewards investment, and simplifying procedures.

16. Jordan's financial legislation and fiscal system are important means of developing and directing the national economy and achieving balanced national development capable of reducing the income gap and establishing social justice. For these reasons, we must continue to modernize legislation and make it more flexible as Jordanian society progresses socially and economically.

17. Public borrowing by the state and its various institutions for Kingdom priorities and basic needs must be controlled. Domestic and external loan agreements must be subject to prior approval of the National Assembly.

18. A clean balanced environment is a human right. Preserving and protecting Jordan's environment from pollution for present and future generations is a national responsibility demanding close cooperation and coordination between official institutions and specialized social agencies, creation of citizen awareness and a progressive public attitude toward the environment, achievement of a high degree of public participation and concern for environmental issues and the dangers of various types of pollution, adoption of policies that balance protection of the environment against permanent development, and developing legislation and standards broad enough to deal with the negative impact occasionally caused to the natural environment by development projects.

Section Five: Society

1. Jordanian society derives its values and ideals from the body of human, Islamic, and Arab values. The relationship between Jordanians is based on ties of citizenship and is developed as all segments of the population and their institutions participate in building and producing out of a desire for integrated social growth in a framework of freedom, equality, and social justice.

2. Respect for the humanity of man as found in the verse of God, Most High, "We gave mankind dignity," requires that state institutions maintain the dignity of the citizen and protect the rights accorded to him under the constitution and reaffirmed by international charters. It also requires that individuals and groups fulfill their obligation to preserve and protect these rights and adhere to the principles of justice, equality, and equal opportunity for all citizens of Jordanian society.

3. The family is the basic building block of Jordanian society and the natural environment for developing, raising, and educating the individual and forming his personality. Through its official and popular institutions, the state must make it possible for families to be created, stay together, and live honorably, and it must assist them in meeting their responsibility to raise new generations in a sound manner.

4. Sound maternal care is essential to a proper childhood and a natural right of the child. The state of Jordan and society must provide special care for the child and mother, affirm the right of the working mother to maternity leave and child care that includes health and social guarantees, and provide her with suitable working conditions and support services.

5. Jordanian children, whether male or female, are entitled to receive the best possible level of care and protection from their parents and from the state in order to develop cooperative independent personalities.

6. Woman is man's partner and mate in developing and improving Jordanian society. Her legal and constitutional right to equality, education, culture, guidance, training, and work must be stressed to enable her to play her proper role in building and advancing society.

7. Youth are the future and renewable human wealth of the nation. The state must set forth national policies and programs to mobilize their energies, prepare them to carry responsibility and engage in productive work that expresses their potential for creation and innovation, strive to protect them from delinquency, deal with its causes, and direct the creative potential of young people toward building and development.

8. Handicapped Jordanians are entitled to special care, education, training, rehabilitation, and work to ensure that they overcome their handicaps and are able to lead lives as contributing productive members of society.

9. Working to deepen the concept of social responsibility in our society by offering broader social guarantees, improving the alms tax law to achieve better organization, unification, and improved means of collection, and ensuring that it achieves its basic social objectives.

10. Establishing popular voluntary activity based on a sense of national loyalty and social responsibility requires setting up voluntary associations and clubs, providing them with the incentives needed to broaden

the base of effective participation, affirming the benevolent values of Jordanian society, and reviving Arab and Islamic traditions of mutual responsibility, interrelatedness, and assistance.

Section Six: Culture, Education, Science and Information

First: Culture

Arab Islamic culture is the intellectual, artistic, and creative basis of our national culture as it strives for the advancement of Jordanian society. It is a symbol of the invincibility of the Arab nation, a source of its material and spiritual strength, and a statement of its unity and steadfastness in the face of foreign cultural invasion. Jordanian culture is part of our contemporary Arab culture, its issues, challenges, and hopes for the future.

Following from the above:

1. The Arabic language is the tongue of the Arab nation and the means it employs to express the identity of its civilization. As a repository of thought, science, and values and the instrument for transmitting knowledge, it must be protected, developed, and translation from and into Arabic must be activated. Jordanian scientific and academic institutions must be urged to take part in arabization efforts and encourage Arabic language publishing in all the various artistic, literary, and scientific fields.
2. Care must be shown for defining and investigating our national cultural heritage using scientific methods. We must strive to spread and publicize it within the limits of available resources in cooperation with international, Islamic and Arab cultural institutions concerned with matters of national heritage and modern culture.
3. We must take pride in Arab Islamic history, seek out the positive role played by the Arab nation on behalf of mankind, pay due attention to Jordanian national history, document it, care for its archeological remains, uncover its facts, learn them, and teach them in order to affirm the role played by the national will of the Jordanian Arab people in fashioning their present and future.
4. Attention must be paid to raising the cultural level of Jordanian citizens throughout the Kingdom. We must strive to develop and improve their national culture using the various methods possible to ensure they contribute to comprehensive cultural development.
5. Attention must be paid to the means of spreading and publicizing national and patriotic culture, including libraries, information centers, theaters, exhibitions, and museums, to highlight the civilization and cultural accomplishments of the Jordanian Arab.
6. Care must be shown for the various forms of Jordanian folk heritage as one of the creative tributaries enriching national culture. By developing it in a manner appropriate to the spirit of our times, we strengthen the unity of the nation's cultural fabric.

7. We must affirm the right of Jordanian intellectuals, thinkers, writers, artists, and poets to look outward to various cultures to enrich and maintain the vitality of our national culture in harmony with Arab Islamic values.

8. The rights of the writer must be respected, and relevant legislation modernized.

Second: Pedagogy and Education

Jordan's integrated modern educational system is an expression of the nation's thought and values based on the fixed principles of Islamic creed, the supreme example of the Arab nation, and the Jordanian national experience. This requires that:

1. Jordanian educational policy aspire to produce an individual who is well-rounded spiritually, physically, psychologically, mentally, and socially, aware of his rights, committed to his duties, strongly loyal to his country, proud of his nation, possessing a scientific and democratic spirit, believing in the rights of man and the principles of justice, benevolence, and equality, and capable of being usefully productive and taking creative initiative.
2. The upbringing of our young people must be based on faith in God, the purity of the Arab nation, and its capacity for innovation and creativity in life's various fields.
3. The educational system has to be concerned with developing independent creative thinking, energizing motives of industriousness, seriousness, proficiency, and distinction, teaching with the purpose of preparing the Jordanian individual of the future by developing his knowledge and improving his mental and psychological abilities to confront the challenges and dangers of the future, and constructing a methodology for critical scientific reasoning by teaching the skills of extracting, absorbing, and making rational judgements about knowledge.
4. The educational system must be linked to production, whereby the teaching process meets Jordan's present and future needs for qualified manpower.
5. The educational system must be characterized by integration, comprehensiveness, and flexibility, showing concern for the bright and the gifted by affording them opportunities appropriate to their abilities and capacities to ensure that Jordanian society benefits from their distinctive contribution, yet paying due attention to educating the handicapped by bringing them into the system early for training to become productive members of society.
6. The Arabic language must be used for all levels and types of instruction, requiring that the methods and means of teaching Arabic be improved, that it be taught to nonspeakers of Arabic, and that the importance of

learning living foreign languages be emphasized to guarantee future generations access to the arts, sciences, and all forms of human activity written in those languages, and to achieve cultural continuity with other nations.

7. The teaching profession must be given appropriate care and appreciation in order to assume the social position it deserves alongside other professions. We have to pay attention to preparing the Jordanian teacher, involve him in educational decision-making, and raise his standard of living, knowledge, and education.

Third: Science and Technology

Science and technology plays a central role in the development and advancement of Jordanian society, treatment of social and economic problems, and enhancement of national security, enabling it to deal with changes as they occur, confront the challenges of our time, and contribute to human civilization. This requires the following:

1. The presence of a clear policy and a national will determined to possess, transfer, improve, and employ technology in the nation's interest and to meet its needs by relying on methodical studied planning through national institutions availing themselves of a developed educational system.
2. Implanting and using a scientific approach to thinking to deal with and solve problems, developing the ability of Jordanian society to transform preliminary data into knowledge that can be used in the various areas of life, and establishing national information banks to serve that purpose.
3. Stressing the importance of teaching mathematics and the sciences in all types and levels of education, with particular attention to their applied aspects.
4. Attention to making Jordanian society scientifically and technologically literate so that it is capable of interacting effectively and wisely with advanced technology.
5. Spreading an atmosphere of academic freedom, making available the resources needed to advance scientific research, channelling scientific research policy to meet the needs and progress of Jordan in all fields, and adhering to the Arabic language in research, development, innovation, and publishing.
6. Developing the country's natural resources, protecting them from the negative effects of technology, maintaining a balance in the environment, and keeping all forms of life in Jordan safe from pollution.

Fourth: Information and Communication

The rapid pace of scientific and technological progress and the impact of the communications revolution on the world have created a central role for mass information

and the media in creating knowledge, conviction, attitudes, and positions. They also play an important role in implanting and reinforcing the path to democracy. This requires the following:

1. The mission of Jordanian information media must be based on freedom, national responsibility, respect for the truth, and the values of the Arab and Islamic nation.
2. Freedom of thought, opinion, expression, and inquiry must be considered a citizen's right, just as it is the right of the press and other national forms of information and communication. This constitutionally guaranteed freedom must be neither infringed upon nor violated.
3. Jordanian official and private institutions must assist in preparing the framework for carrying out the mission of the media in an objective unbiased manner.
4. The citizen must have the right to seek truth, knowledge, and information from legitimate sources of transmission and distribution inside and outside the country. Censorship of informational material should not prevent his practicing this right.
5. Jordanian citizens, and political and social organizations, must have the right to use the national communications and news media to express scientific, artistic, cultural, and intellectual opinion and innovation. The state must set forth appropriate policies for practicing this right.
6. Communications and news media must serve as channels for conveying the image of the nation, its culture, and its civilization to the world, and as a tool for transferring new information, scientific progress, and civilization to the citizen. This requires the development of national abilities and turning to the expertise capable of realizing this objective.
7. The information media must help to create a citizen who is loyal to his country and nation, proud of his Arab and Islamic Jordanian heritage, thereby integrating the role of the home, the school, and places of worship in developing the citizen's awareness, knowledge, and attitudes, contributing to the preservation of social peace, maintaining national unity, and avoiding the harmful impact of hostile information activity.
8. All communications media must strive to create the free atmosphere needed for Jordanian society to grow through enlightened knowledge and honest information and avoid infringing on the freedom and private lives of individuals.
9. The overall policy of the Jordanian information media should be to strengthen respect for man's mind, intelligence, freedom, and right to express himself and to develop the proper atmosphere for encouraging creative faculties and innovative energies.
10. The state must guarantee the right and freedom of Jordanian individuals, groups, and institutions to own

and publish newspapers in accordance with constitutional principles and promulgate the legislation needed to control their sources of financing to protect them from any external influences.

11. The free flow of information and news is an inseparable part of freedom of the press and information. The state must guarantee free access to information within limits ensuring harm is not done to the security and supreme interests of the state. Needed legislation must be enacted to protect members of the press and information corps in the performance of their duties and to afford them material and psychological security.

12. The mass communications media are dedicated national institutions which are not to be used or exploited to propagate the philosophy of any specific political party or organization, or propagandize on behalf of the individuals of any government. Jordanian citizens must participate in directing the public program policies of these institutions through councils established for this purpose.

Section Seven: The Jordanian-Palestinian Relationship

The facts of the deep historical and geographical relationship between Jordan and Palestine over the ages, the national affiliation of Jordanians and Palestinians, and the reality of their present and future culture and life have accorded their relationship a distinctive character reinforced by the nature of the bonds, the strength of the ties, and the depth of the interests they share, reaffirming the need to continue and strengthen this relationship to confront the racist colonialist Zionist danger threatening the Arab nation's existence, civilization, and sanctuaries, and targeting Jordan just as it targeted Palestine.

In view of these facts, the Jordanian-Palestinian relationship must be based on the following principles:

1. The Palestinian Arab identity is one of political struggle. As such it does not, and must not, contradict the Jordanian Arab identity. The contradiction is solely with the colonialist Zionist plan. Just as the Palestinian national identity is the antithesis of the Zionist plan which it struggles to destroy, so too from this point of view is Jordanian national identity the antithesis of the Zionist plan protecting it against the various claims and designs of Zionism. Under this concept, Jordan and Palestine become a single Arab situation in their joint struggle to confront the expansionist Zionist design and in their decisive rejection of the alternate homeland plot.

2. Changing political considerations at the international and Arab levels, developments in the Jordanian-Palestinian arena as represented by the decision to sever legal and administrative ties with the occupied West Bank, PLO approval thereof, the decision to declare an independent Palestinian state under the leadership of the PLO, according to Jordanian recognition, and the new

reality resulting from these developments have reaffirmed the special and distinctive nature of the Jordanian-Palestinian relationship. They form the basis for placing this relationship in its proper context and solidifying it on clear principles.

3. On this basis, the Jordanian-Palestinian relationship must under no condition be understood, nor any situation exploited by any party under any conditions, as a pretext to diminish the rights and duties of citizenship, nor as a reason to weaken the Jordanian state from within, creating the conditions leading to destruction of the Zionist plan to transform Jordan into the alternative to Palestine. Under this concept, commitment to the national security of Jordan is a responsibility that falls on the shoulders of all citizens, reaffirming their continuing struggle and sacrifice on behalf of the liberation of Palestine, and protecting Jordan and its Arab character.

4. Since a future unified relationship between the states of Jordan and Palestine is a matter of certainty, the establishment and perpetuation of this relationship involves respect for Jordanian and Palestinian choices to achieve the most suitable form of unity enabling them to become a model for comprehensive Arab unity.

Proceeding from this, Jordanian national unity is the solid foundation for establishing a strong relationship among all citizens of the state of Jordan. Because it is realistically impossible to distinguish between the various origins of the Jordanian Arab people, unity must be preserved and deepened to reinforce the invincibility of Jordan, protect its national security and domestic front, ensure equal opportunity for all citizens without distinction, and promote their legitimate interests and rights as guaranteed under the constitution.

Section Eight: Jordan's Arab, Islamic, and International Relations

Since Jordan is an inseparable part of our Arab and Islamic nation, Arabism is its national identity in the same way that Islam is the creed of the Arab nation, the core of its civilization, and the source of the values that guide its behavior.

In light of these facts, Jordan through its people, leadership, and democratic institutions believes firmly in the inevitability of unity between the countries of the Arab nation, and strives to achieve it using all legitimate ways and means. It seeks to build effective Arab-Islamic solidarity, contribute to establishing a balanced new world order wherein international relations are based on corresponding interests, respect for the desire and right of peoples to independence, freedom, and security, to take part in promoting progress, and to protect human rights [in an atmosphere] free of hegemony and political deprivation.

To achieve these objectives, Jordan acts on the basis of its own experience, its reality which is part of that of the Arab nation, and its realistic and futuristic view of the

significance of the Arab and Islamic dimensions of international affairs. In Jordan's view, an Arab plan for unity that emphasizes the following facts and principles must be established if national objectives are to be achieved:

1. The Arab homeland with its historical, geographic, material, and cultural components is the natural homeland of the Arab nation. Arab unity is the original condition, the foundation, the true answer to the reality of fragmentation, and the objective solution to issues of the homeland and the socio-economic problems resulting from fragmentation. Unity is the way out of division, backwardness, and dependency, and the surest means of building a better future for the Arab nation.
2. The nature of the challenges imposed on Jordan and the Arab nation and the magnitude of the threat confronting the Arab homeland compel a response to the prevalent national feeling in all parts of the Arab homeland and the overwhelming desire to achieve Arab unity in defence of our existence and identity and to protect the shared national interest of the Arab nation in all regions.
3. The Arab society sought by the Jordanian people is one that adopts the democratic way as its own, believes in Arab unity, believes that the strategic resources of the Arab homeland are the property of the entire Arab nation, and that they must be used to serve Arab society by building its economy and reinforcing its national security.

In order for this to be achieved, the following is necessary:

1. Commitment to the democratic way, and working to maintain, deepen, and promote it, buttressing all dimensions and levels of Arab national security, and working to meet its needs and conditions.
2. Commitment to issues of destiny and national priorities of the Arab nation and defining the positions of the Arab states on these matters in the belief that clear and honest positions are the objective measure of sound national policies and attitudes.
3. Striving to establish some form of unity between Arab states believing in it, in accordance with objective, national, and patriotic considerations and criteria, in a manner that affirms and protects the true interests of the citizens of these countries, while not ignoring their special characteristics.
4. Working to overcome all types and effects of regional fragmentation, adopt comprehensive socio-economic development in a framework of Arab nationalism, and establish integrated economic groupings to ensure that collective self-sufficiency is achieved by developing human resources, exploiting natural resources, and strengthening joint Arab action.
5. Working to pursue Arab policies, develop plans to prepare all parts of the Arab nation to liberate Arab land,

in the forefront of which is Palestine, mobilize the energies of the Arab homeland, and organize its capabilities and potential to achieve a unified stance, preserve the dignity of the Arab individual, and enable the restoration of usurped Arab rights.

6. Working to deepen the concept of Arab culture in Jordanian society, reinforce a sense of patriotism, nationalism, and Islamic affiliation among the people, and find a way for the cultural heritage of our nation to resume its leading role in human and international affairs.
7. Working to establish a clear firm foundation for enhancing Jordan's Arab and Islamic relations by relying on the shared creed, values, and history of our nation, and concentrating on issues of destiny of the peoples of the Arab and Islamic worlds as they confront the challenges and dangers threatening their interests.
8. Working to establish Jordan's international relations in all areas on the basis of equality, mutual respect, countervailing interests, and a country's attitude toward issues of the Arab nation, headed by that of Palestine.
9. Helping to shape international relations in accordance with a fixed set of criteria based on respect for the freedom, independence, and right to self-determination of peoples, commitment to the principles of truth, justice, equality, and just peace among peoples, respect for human rights, and rejection of discrimination and all forms of international hegemony.

LEBANON

Maryam Karami on Husband, National Issues

91AE0230D Beirut AL-SHIRA' in Arabic 31 Dec 90
pp 22-23

[Interview with Maryam Karami, wife of Prime Minister 'Umar Karami, by Hana' Dandan; place and date not given: "Maryam Qabtan Karami, Wife of Prime Minister, to AL-SHIRA': 'We Must Sacrifice to Serve Nation'"]

[Text] Frank, truthful, spontaneous—this is Maryam Misbah Qabtan, wife of Prime Minister 'Umar Karami. She describes herself as a Lebanese Arab born in a home that loved the country and the land. Our family's life has been involved with the Karami family beginning with 'Abd-al-Hamid, whom my father loved, not for his person, but for his constructive stances and lofty nationalist principles.

Despite the spontaneity that accompanies her every word and movement, she appears modest as she speaks to you about her married life, never forgetting to thank and praise God for what He has given her in this family.

She refuses to work in the spotlight because working in the field is "better than talking and announcing it." Had I not pressed so hard, I could not have interviewed her

because she "dislikes appearing in the media" at a time when action has turned into statements and unimplemented slogans plastered on walls.

AL-SHIRA' met with Mrs. Maryam Qabtan and conducted the following interview.

[Dandan] How do you feel now that your husband is prime minister of the national reconciliation government?

[Karami] Positions mean nothing to me. The important thing is for the nation to unify and for security and peace to prevail throughout Lebanon. My sole feeling is that 'Umar has a national duty and a mission which he must accomplish. From the time that martyred Prime Minister Rashid [Karami] took power, we have always felt every member of the Karami family has duties and responsibilities to his country that he must work and sacrifice for regardless of how great the sacrifice may be.

In any event, nothing has changed for me. Ever since our marriage, 'Umar has been in politics. True, the burdens are heavier now than they used to be, yet everything pales in comparison to the interest of the nation and the citizen because our life no longer belongs just to us. It will be broader and more comprehensive, embracing the entire nation.

Fatalists

[Dandan] Are you afraid for him now that his responsibilities have grown and he could be the target of conspiracies?

[Karami] We are fatalists. We believe in destiny and fate. [The Koran reads] "Say, 'Nothing shall afflict us but that which God has inscribed for us.'" We rely on God alone, nothing else. I believe our national duty demands that we serve the nation, especially in times like these. We will carry out our duty to the fullest, even at the cost of our lives and souls. The important thing is that our consciences be clear and that we believe in what we are doing.

[Dandan] Since you know Prime Minister Karami better than anyone else, do you feel he has the qualities needed to help him confront the difficult task of prime minister of the largest and most crucial government in Lebanon's history?

[Karami] I think that had 'Umar felt he lacked the ability to take the reins in his hands and meet the responsibility, he would not have accepted this position, because he has a firm belief that a person must be truthful with himself before he can be truthful with others. He is like steel; when he is convinced of an action, he does it without hesitation because his conscience is clear. He will carry it out regardless of the price.

My husband is a man of convictions and stances, unshakable in his opinion once he has consulted convincingly. His position is resolute as long as it serves the nation and the citizen. My knowledge of him is that he

believes in justice, freedom, integrity, and being absolutely firm with people. He does not hesitate to take the proper decision and refuses to bargain over the nation. He is seeking to build a state on sound foundations. His dream is to rebuild Lebanon and reunite it. I do not believe that difficulties will constrain him, no matter how great they are.

[Dandan] Were you encouraging or discouraging about his taking this position?

[Karami] I certainly encouraged him, because I believe in his principles, his proposals, and his constructive positions. I have been with him for 26 years sharing the good days and the bad. I support any position he takes because I know he does not make a decision blindly, but only when he believes in it following much thought and consultation. That is when he decides, and I respect him for it.

[Dandan] When confronted with problems in the past, has he consulted you?

[Karami] No, he does not take my advice in order to work, although he has taken my opinion and point of view into account on specific matters. My husband is a person with his own views, independent of external influence. He listens to me, yes, and sometimes, or on some things, he will take my opinion. But it is always difficult to learn things from him. He has a very reticent nature, and none of those around him are able to know the little details. Of course, this does not mean that he is inflexible, just that he prefers to return to his personal convictions after he listens to a lot of opinions, weigh all the factors, and then make a decision. I think this is a fine trait in him.

[Dandan] Some days have now passed since Prime Minister Karami took office. Based on this limited experience, has the prime ministership affected your marital life and his interaction with the family?

[Karami] First of all, my relationship with 'Umar is one of love and giving. Love means giving, and thank God, that is plentiful. We live as a family in the full sense of the word. We share everything; if something troubles me, it troubles him, and vice versa. We feel it is our fate to give, not to take, and we are happy with this. I believe God has given me a lot in giving me a husband like him.

His relationship with the children is that of a caring father, sincere, and full of giving. We have always had daily private time with our children and direct contact with them. There is no distance between us. Their father's concerns have never for even a moment come between the children and him. Not one day have they ever felt he was too busy for them, or remote from their concerns, no matter how great or small the issue. His view prevails in the house, and I am the type to consult him on everything.

Noblest of Men

[Dandan] Some politicians have been known to forget or disregard the public interest after they take a particular office, as self-interest comes to dominate their actions. How would you categorize the prime minister?

[Karami] You mean those who are weak. Here I say, and not to cover up, 'Umar Karami is one of the noblest of men, not because he is my husband and the father of my children, but because the life he has had in a dignified home and his integrity, goodness, and honesty keep him from going along with those who pursue the unlawful. We have lived on honest money. 'Umar taught his children honesty as they suckled their daily milk, especially self-esteem and clean hands.

[Dandan] Don't you think he is going to encounter problems as a prime minister with 30 ministers, all of whom are on opposing courses?

[Karami] 'Umar Karami is prime minister of all Lebanon. The 30 ministers are Lebanon. He can not escape the responsibility on his shoulders, regardless of whether there are 30 ministers or 40, because they represent Lebanon. We should not be looking at the number of ministers; the important thing is to reunite the nation.

What you probably mean are the various political loyalties of each minister. Of course, here I can tell you that this also exemplifies Lebanon. The reality is that we have many tendencies, loyalties, militias, and parties which need to be unified under a single government. He—'Umar Karami—is prime minister of this single government, whether there are 10, 30, or 50 ministers. This is the duty he was chosen for.

[Dandan] You played a role in assisting Prime Minister Karami in the Northern Coordination Agency. Will the same thing happen now that his responsibilities have grown?

[Karami] I am ready for any role or anything asked of me in the service of my country, first of all, and secondly, for the citizen. I will not hesitate. I am always available, but I prefer not to have publicity and to restrict my role to serving others privately.

As for my role in assisting my husband, this was not through the Northern Coordination Agency which comprised northern nationalist parties, but through humanitarian associations. I think my role now is to make it easy for my husband by reducing family pressure on him. I take care of all family matters personally and directly, but important, precise, and final decisions are left to him.

I was directly responsible for the children and their schools, because my husband has a mission he is supposed to carry out faithfully. It has been my duty to carry this burden for him so he could look after his work. The mission of motherhood is lighter now that my two daughters are married, but my assistance to him knows no bounds, and I prefer not to go into it publicly.

[Dandan] You are obviously very attached to the land. Why is this?

[Karami] I grew up and lived in a family environment that revered this nation. The members of my family loved, and continue to love, the martyred prime minister. My father was an admirer and supporter of 'Abd-al-Hamid, but this does not mean that we love them [simply] as persons, but because they have principles, valuable concepts, and an attachment to the land. Having been born and raised in this environment, we are similarly attached.

[Dandan] Wives of officials are often seen to confine their interests to social matters. Will you be satisfied with that, or will you take a different approach?

[Karami] In fact, I contribute in all directions and in every way, but please, without talking about it publicly because I do not want to go into details about anything. I am ready for anything asked of me, but I do not want publicity because I like to work unseen, not in public.

[Dandan] Do you support all of Prime Minister Karami's stands? What are your ambitions?

[Karami] My sole ambition is to see all of my family happy. Any other ambition is of no concern to us. As for the social or political field, this has been our work since we married. Apart from very small things, nothing has changed. But in my opinion there is no difference between 'Umar Karami as a father or as a prime minister.

I dream that Lebanon will return as it once was, and that senior officials will be able to end the aberrations around the country so that security and stability can come to Lebanon.

[Dandan] What do you have to say to the mothers of Lebanon, especially on the eve of a new year?

[Karami] From the bottom of my heart I hope that peace and happiness will come to our dear nation, that it will unite so every son abroad will return to his mother's embrace, and that every mother who has lost a son can hope that his blood was not shed in vain, but for the unity and Arabism of the nation, so that Lebanon can return to days of yore and enjoy freedom and a natural life.

Note [Box, p 22]

Maryam Misbah Qabtan was born in Ghana, Africa, to Lebanese originally from Tripoli where she was raised and grew up in the al-Mina' district.

She obtained a bachelor's degree before marrying Prime Minister 'Umar Karami, and together they were blessed with four children, two boys and two girls. Her eldest is her daughter Yumn, who married 'Abdallah Karami and has two children (Najat and 'Abd-al-Latif). The second is Zinah, married to Sa'di Ghandur, who also has two children (Sa'ud and Rashad). Khalid, 22, is in the United

States majoring in administration. Faysal, 19, is a first-year college student at the American [University in Beirut].

She met Prime Minister Karami as a result of her sister's marriage to his older brother, Ma'n Karami. He liked her, and they married in less than a month.

Finance Minister on Rehabilitation of Beirut

91AE0230E London AL-MAJALLAH in Arabic
9-15 Jan 91 pp 44-46

[Interview with Dr. 'Ali al-Khalil, Lebanese minister of finance, by Muwaffaq Madani Daftardar; place and date not given: "Following Unification of Lebanese Capital, Finance Minister Dr. 'Ali al-Khalil: 'We Need Ten Billion Dollars to Rehabilitate Beirut'"]

[Text] The question Lebanese are asking now that Lebanon's capital Beirut is unified is, "Will Lebanon return to its former prosperity and stability?"

Lebanese officials carry a heavy burden in the gamble that the al-Ta'if solution embarked upon with the unification of Beirut will be an important new stage returning Lebanon to the column of prosperous nations. The most pressing issue now facing officials is removing the rubble and rehabilitating Beirut in the new year, but who will remove the rubble?

Dr. Ali al-Khalil, Lebanon's minister of finance, responds to this question in a comprehensive interview with AL-MAJALLAH.

[Daftardar] Now that Greater Beirut has been unified, there is much talk about the extent of public damage inflicted on the Lebanese capital by the war. Does the government or the Ministry of Finance have an estimate of the damage to Beirut?

[Al-Khalil] There really is no precise, or even scientifically approximate, estimate. But in order for us to start rehabilitating the Lebanese capital, I believe the state needs to begin by repairing damage. As for rehabilitation, first of all, the state needs about \$10 billion. If you want us to detail the amount of destruction and costs involved, we do not yet have any precise numbers, but we will need more than \$10 billion. Of course, we know that any country would require foreign assistance to restore itself and get the economy turning over after experiencing what Lebanon did, or indeed experiencing far less, i.e., it needs something similar to the Marshall Plan that was developed to reconstruct Europe after World War II.

For this reason, with the initiation of this government somewhat over a year ago, we began to contact concerned agencies to guarantee assistance, because it is impossible for us to emerge properly from this incredible amount of devastation and destruction using only our own resources. To begin, we need Arab and international support. On this basic precept, we are taking action along

four parallel lines. We have encouraged countries to form an International Support Fund to assist Lebanon, i.e., the fund that was supposed to be established last September. September 10 and 11 had been set aside for the first meeting, but events in the Gulf caused its postponement. Efforts continue, however, to reschedule the meetings so that if possible we can begin early this year.

Of course, the International Fund will not guarantee direct aid to Lebanon for reconstruction, as some believe, but will guarantee projects, infrastructure projects in particular, involving such things as water, electricity, and road paving and the rehabilitation of schools, universities, hospitals, telephones, etc.

It should have a scientific financial structure, meaning the participation of states, organizations, and individuals through shares and in a general assembly within a board of directors, in coordination with Lebanon. The fund should also define how participation is to be established, and how the mission will be terminated, in accordance with [recognized] principles.

We continue to demand the Arab assistance approved for Lebanon in 1979. We have received \$404 million of the \$2 billion promised to enable the country to stand resolute and pay its debts.

The third line is to have Lebanon considered one of the countries hurt by the Gulf crisis. Contacts made by the present government have actually borne fruit. The World Bank has agreed that Lebanon should be listed. Just days ago, the United Nations likewise approved a recommendation regarding the need to assist Lebanon due to recent events in the Gulf, because Lebanon really is one of the affected countries. Naturally, most of the resources coming to Lebanon were from the Gulf, from Lebanese workers who were sending [money] to their families. Fifteen thousand Lebanese have returned so far. They had been sending money for use in Lebanon and deposit in the banks. Most of this money has been cut off from Lebanon. To this we must add Lebanese products, most of which were sent to the Gulf, i.e., over \$1 billion annually.

Then there is the increased cost of petroleum and flammable products caused by the Gulf crisis. Thus, Lebanon has been affected by events in the Gulf.

The fourth line we are moving along is the ordinary one of loan guarantees through Arab and international funds, i.e., the Arab Fund for Economic and Social Development, the World Bank, the European Common Market, the Kuwait Fund, etc. We normally depend on funds to obtain long-term loans at nominal interest rates to implement basic projects. So, government action has been following these four lines, but during our contacts with concerned agencies on this subject, we realized that the continuing rebellion of Michel 'Awn reduced state credibility for some time. Now that the rebellion is over, Greater Beirut has been established, and constitutional reforms have been made and implemented, all of which

are important accomplishments, I think the way is open to obtain assistance, gifts, and loans from brotherly Arab states and friendly nations.

[Daftardar] How would you define the priority sectors in Lebanon damaged by the war, especially in Beirut, which you as finance minister feel have to be rebuilt quickly?

[Al-Khalil] It is difficult for us to enumerate them by priority, because every sector in Lebanon has been hurt and is in urgent need of support. But to begin with, we are concerned with those sectors that provide the bare minimum needed for a citizen to lead a proper life, such as electricity, water, telephone, roads, hospitals, and schools. These are all urgent issues that have to be guaranteed by the government to the citizen, but they can not be dealt with solely using internal Lebanese resources.

Lebanon relies to a very large degree on the service sector for its national income. This sector is especially sensitive to the security situation. The unification of Greater Beirut and the return of stability and security will certainly help get the economy moving. The industrial sector has been badly hurt, and the agricultural sector has been hurt more than any other.

[Daftardar] How long will it take to rehabilitate services in Beirut?

[Al-Khalil] Realistically, we have to expect that improvement will be gradual, but it will take six months for things in the capital to return to normal.

[Daftardar] If we started now?

[Al-Khalil] It would take less than six months, of course.

[Daftardar] How much time will we need during the transitional phase of rehabilitating Beirut to get to the six-month stage?

[Al-Khalil] Despite the state's meager resources, we are trying to improve as best we can within our means, i.e., maintenance and repair. The citizen is beginning to feel some improvement. In this regard, it will end up as a demand for contacts normally conducted with concerned agencies [as published].

[Daftardar] How much financial assistance can we expect to get from the public and private ports and facilities the Lebanese state has recovered from the militias?

[Al-Khalil] Actually, in normal times we rely heavily on customs duties and income, between 30 and 40 percent annually. But this high percentage of our total income can really be achieved only when we are in full control of ports and facilities, especially ports which run the length of the Lebanese coastline.

[Daftardar] Will you be able to control customs duties at all ports?

[Al-Khalil] We say that this has to happen as quickly as possible. The first step is to put Beirut Harbor back in operation once full legitimacy is restored. This will certainly help a lot, because Beirut Harbor is the most important. We can certainly say that most goods imported by sea come here. The percentage of income from all other ports is lower than Beirut. Having returned to Beirut Harbor, we then must also get control over the rest of them.

[Daftardar] How extensive are the losses from plundering and theft at the Beirut Harbor?

[Al-Khalil] We have the port company which owns a lot of equipment, and we also have customs, i.e., customs equipment, coast guard, vehicles, trucks, transport, etc. The preliminary report indicates that \$30 to \$50 million is needed to rehabilitate and outfit Beirut Harbor, but we do not expect to have to do so fully in order to get things underway. We can begin to rehabilitate it gradually, because port operation will lead to private sector assistance with unloading, shipping, hoisting, and withdrawing.

[Daftardar] Did militias confiscate all this equipment and materiel?

[Al-Khalil] There is a report that what is called the power of the fait accompli confiscated it.

[Daftardar] Where did they take the equipment?

[Al-Khalil] The state is still chasing down, monitoring, and claiming all equipment, machinery, and materiel from Beirut Harbor belonging to it.

[Daftardar] Are they being responsive to you?

[Al-Khalil] No, contacts are still being carried out on this basis.

[Daftardar] What is the situation with respect to Beirut International Airport?

[Al-Khalil] The airport situation is different than the port, because it is under the control of the legitimate government. There is no question but that it needs to be improved; we have to admit that fact. We will have to try to improve it. The return of the state has done much to boost the morale and activity of the customs police. There is a clear correlation between the return of legitimacy and the reactivation of many areas, including the customs police and customs in general. We recently noted the seizure by the customs police of a ship that was smuggling goods. Lebanese customs later found a quantity of smuggled arms. We are also seeing a change in official behavior as compared to the past. We in turn have provided for certain customs police needs, as when the cabinet approved the use of about 500 personnel from the military and 60 from the civilian side. We also approved the repair and purchase of certain machinery and other requirements.

[Daftardar] Has the unification of Greater Beirut encouraged Arab and foreign companies and investments to return to Beirut? How much truth is there in talk of a tendency among certain Arab financiers and companies to purchase the capital's commercial center?

[Al-Khalil] We have not received anything official in this connection as yet. In the short few days since taking over Greater Beirut no companies have yet stepped forward. But we expect Arab and foreign companies will come back to Lebanon. We recall that during the two-year war of 1975-76 many companies left and went to neighboring countries—Alexandria, Cairo, Cyprus, Greece, etc. But they returned in 1977, when it was over.

[Daftardar] Hasn't Lebanon lost its former function as a country offering transit, services, banks, and tourism, following 15 years of redistribution of these activities to countries around us?

[Al-Khalil] I believe that although other countries in the area have benefitted from the deterioration in Lebanon, once this country is restored it will play the same, no, an even more important, role.

[Daftardar] Will the political and security crisis allow Lebanon to regain its past stability?

[Al-Khalil] Once we are able to resolve the Lebanese crisis, that is, reestablish state sovereignty and implement the al-Ta'if Accord, Lebanon will be stable, and the majority of the Lebanese will be benefitting. But more important, the regional and international conditions must exist to allow it to happen.

Maronite League President Karam on Future

91AE0230B Beirut AL-SHIRA' in Arabic 24 Dec 90
pp 25-26

[Interview with Ernest Karam, president of the Maronite League, by Hana' Dandan; place and date not given: "President Ernest Karam of the Maronite League to AL-SHIRA': 'Phase Required I Be President!'"]

[Text] The Maronite League is a Lebanese sectarian organization that had an active impact on the course of developments and events during the civil war.

It appears that in the wake of recent developments among the Christians, the Maronites in particular, the League today is confronted with new choices and directions arising out of the tragic experiences of the past.

Ernest Karam, the new president of the Maronite League just elected to replace former President Shakir Abu-Sulayman, spoke to AL-SHIRA' about these choices and directions in the following interview.

[Dandan] Who is Ernest Karam?

[Karam] Ernest Karam is a Lebanese citizen from southern al-Matn and an attorney in the appellate court. I began my political activities early, at the age of 25,

when I was nominated for the Maronite seat in Parliament from the Ba'abda District in 1960 on the slate of the Lebanese Front. The result was a slight margin in favor of late Deputy Ilyas al-Khuri. I was nominated a second time in 1972, but on the Lebanese Will slate, which means I am an independent. At no time did I belong to one of Lebanon's parties, nor was I fortunate enough to win.

I was elected a member of the Executive Council of the Maronite League, and then chaired the League's Political Committee. Following former President Shakir Abu-Sulayman's resignation, I was elected president of the Executive Council.

[Dandan] What was the reason for the change in the League's presidency?

[Karam] First let me tell you what the Maronite League is. It has an important Maronite base, the General Assembly, composed of former presidents of the republic, present and former Maronite ministers and deputies, heads of Maronite parties, the Maronite General Council, municipality chiefs, employees of the two senior grades in the administration, the Justice Department, and the diplomatic service, the heads and members of the labor unions, and others. At one time, as an attorney, I was the legal advisor to the League of Workers' Syndicates. The General Assembly elects the Executive Council, which in turn elects its officers, i.e., the president, vice-president, and so on.

As for the changes, they were a result of former President Shakir Abu-Sulayman's illness and resignation from his post. The law, rather the rules of incorporation, provide that in the event of vacancy the Executive Council meets to elect a new president. This is what happened. This phase required that Ernest Karam be president of the league.

New Policy

[Dandan] What role can the league play in this new phase?

[Karam] Upon my election to the presidency, members of the Executive Council and committees and I agreed to rebuild and develop the institution. At present we are appointing committees and defining their duties. Later, there will be a meeting to evaluate the tragic phase that our sect and Lebanon have gone through and set new league policies appropriate to the future which we hope will be one of peace for Lebanon and all Lebanese.

[Dandan] Past actions of the league were purely sectarian in nature. Will that role continue, or will it enter a broader nationalist framework?

[Karam] Despite the name it carries, if we go back to the Maronite League's articles of incorporation, we find that one of its missions is to promote the heritage of Lebanon, not just that of the Maronites. Another mission is

to work in both political and national capacities. Nothing in the articles could be termed sectarian.

I would like to make it clear that by separating districts and institutions the war left the impression that every institution operates only in the interest of its sect, not of others. The Maronite League does not take this attitude. Personally, I believe in the precepts upheld by the league. I am an independent man with a sound nationalist way of thinking.

The Maronite League does not operate solely at the Maronite level, but at the national level. Generally speaking, we are opposed to fighting, opposed to sectarian divisions, opposed to fragmentation, and opposed to partition. We support the unity of the Lebanese people. We want true unity developed through a quiet, rational, free, and constructive dialogue that guarantees the interests of all parties, not just those of one sect over another.

[Dandan] We all know that for 15 years Maronite politics, under the cover of the Maronite sect and using the Christian security argument, tried to maintain control and influence...

[Karam] These events you refer to, which you say the Maronite sect was working for, were also the work of some of the Muhammadan sects. I believe there is a lesson in what resulted to the country. This should teach them, and from now on we must all work on a Lebanese nationalist level.

[Dandan] Could this be considered a call by league President Karam to all sects to establish a unified league?

[Karam] I am giving a general picture—we will meet with the press after the meeting—but it has a bearing on the unity and interests of the Lebanese. I repeat that I am calling for common Lebanese constants and denominators around which all parties can meet. Notice that I did not say "sects" because Lebanon is not represented solely by sects, but by various political, partisan, and credal currents. All these sects and currents are responsible for putting supreme Lebanese interests above self-interested ambitions. This is what I personally am hoping for.

[Dandan] Is your election as president of the league a prelude to proposing you as a deputy or a minister in the resolution "quota?"

[Karam] I personally have not raised this matter with anyone, nor do I intend to do so. I say that the ambitions of the Lebanese could cause competition that would lead the country back into crisis. We must all draw back somewhat politically.

Now, if I had the choice of a deputyship or ministry, we would study the matter. However, I stress that that is not likely at present, nor am I so inclined.

[Dandan] How committed is the Maronite League to the al-Ta'if Accord?

[Karam] I can not define league policy today.

[Dandan] In your capacity as the league's president.

[Karam] The president represents the Executive Council and speaks on its behalf. For that reason, after the meeting we will definitely be prepared to describe future Maronite League policy. You know that we support reconciliation, peace, a state able to extend its authority throughout all of Lebanon, a just state that guarantees a dignified life to all Lebanese, and the existence and reactivation of legitimate institutions.

All Matters Open

[Dandan] What initiatives might the league propose to stop intra-Maronite disputes in view of the absence of a unified authority? Is there any movement towards reconciliation?

[Karam] These initiatives are the subject of a study now underway and will be part of the subject matter of the meeting soon to take place.

[Dandan] Should this lead us to understand there is a proposal to resolve the disputes?

[Karam] Absolutely, absolutely. Everything is open to discussion, even Maronite disputes, Christian disputes, and Christian-Islamic disputes. All are subjects of discussion.

[Dandan] There is an argument about who represents the Christians. Do you believe the Maronite League represents the Christian people of Lebanon?

[Karam] Following a destructive war, we are passing through a transitional phase. Everything has to be evaluated so that we can get to the details. I believe that even those elements within the ranks of the Christians or the Muslims should be reexamining their accounts today, so that we will know what to do in the coming phase. We believe that everyone should have a sound Lebanese nationalist attitude.

[Dandan] What is your view of the situation now that Greater Beirut has been implemented?

[Karam] We are watching and following the current phase very closely. We hope that it is a serious one for reconciliation between the Lebanese in the interest of them all. We are very carefully watching, observing, and staying abreast of everything now happening.

We hope the next government will be one of national unity in the true sense and representative of all the parties in Lebanon—a salvation government—because the country needs salvation and needs a government whose members are honorable men. We are opposed to any future rabble-rousing. The government must be a single salvation task force. I hope that all Lebanese, not just the Christians, but everyone, Muslim and Christian, are aware of the sensitivity of the present and coming stages. I hope they will turn the page on wars and

disputes and head in a sound Lebanese national direction to build the [kind of] country that we all desire.

Presidential Counselor Buwayz Interviewed

91AE0230A Beirut AL-SHIRA' in Arabic 24 Dec 90
pp 17-19

[Interview with Attorney Faris Buwayz, presidential counselor, by Huda al-Husayni; place and date not given: "Attorney Faris Buwayz, Presidential Counselor, to AL-SHIRA': 'Age for Reconciliation, Will Witness No Bilateral Alliances; Phase Priorities Are Government Formation, Followed by Security Appointments, Deputy Appointments; Broad Outlines of Next Government Delineated, Will Include Maximum Number of Militia and Political Elements; for These Reasons Militia Chiefs To Be Ministers of State'"]

[Text] Presidential counselor Faris Buwayz believes that over two weeks of contacts and consultations may yet be needed to form a new government, but he does not deny that the broad outlines are already in place for the next government which will be expanded to include the maximum number of political and military elements.

AL-SHIRA' met with Counselor Buwayz and conducted the following interview concerning recent political developments in Lebanon.

[Al-Husayni] Your name has been suggested as a minister. Is there any truth to this?

[Buwayz] Like you, I have heard this in broadcasts and some newspapers, but in my view it is premature. Parliamentary consultations are still taking place to name a prime minister, then they will have to consult on the outlines for forming a new government. So, I think it is too early to raise this issue. In any event, this would be just one of a large number of possibilities.

[Al-Husayni] But there is talk that the government will be formed within very few days.

[Buwayz] The period you are suggesting is just too short to form a government. The president of the republic needs a certain minimum amount of time to conduct parliamentary consultations before naming a prime minister. This takes more than three or four days. Moreover, it takes more than that to meet most of the deputies. Once the prime minister is named, he in turn must engage in contacts and consultations that take several days. I doubt that a government could be ready earlier than two weeks from now.

[Al-Husayni] But this does not mean that certain names are not being raised.

[Buwayz] Before a new government is formed, many names are always passed around, but not necessarily the names that are actually under consideration. I can say that the broad outlines for a government have been set. These are, first of all, an expanded government that should include the largest possible number of political

and military elements. Most of the major militias should also be represented. This means dissolving the militias, and that is why the militias have to be inside the government contributing in the best way possible with suggested solutions. As we know, heads of parties and military organizations must be ministers of state, not portfolio, for a number of reasons. First, their personal security prevents them from undertaking responsibilities on a daily basis and going to their ministries. Also, their popular and party ties may affect how they conduct ministerial work. This has already been agreed to, namely, that military leaders will not be represented except as ministers of state. Another broad guideline is that the presence of a huge number of militias or military organizations will not be allowed in the government at the expense of independents and moderates, because this would make it a government only of militias. A specific limit is needed which should allow representation of militias and nonmilitia elements. These are the broad outlines. Anything other than is is just speculation because names can change, and other names can be put forward.

[Al-Husayni] Where does your name stand?

[Buwayz] My name is one that has been raised, but this does not mean that it is the only one. Other names have been suggested, and mine is linked to the type of government mix, the individuals, and the equilibrium to be established within it.

[Al-Husayni] Can you shed any light on the results of the last Syrian-Lebanese summit and clarify the events that surrounded it?

[Buwayz] There really were no events, just something the media blew out of proportion. What actually happened was that on the particular day the summit was expected to be held, President al-Asad suffered a health problem that prevented him from working, resulting in postponement of the summit for a number of days. The president of the republic had already left for the meeting in the Bika' Valley before the news arrived. There he met with Vice-President 'Abd-al-Halim Khaddam and Chief of Staff Hikmat al-Shihabi and held a preparatory summit for the summit that was held later. There was absolutely no political background to postponing the summit. The discussions during the summit revolved around Greater Beirut, how to establish security there, and how to reinforce its position. Other matters discussed were future moves aimed at dissolving the militias as provided for under the al-Ta'if Accord, linking these to a government formula, what the broad outlines of the new government would be, the situation in Iqlim al-Tuffah, and the possibility the army would be able to enter there. Dissolving the militias was a subject of discussion, and Syria will of course have a central role in this area and may be able support the role of legitimacy in more than one way and more than one step. These are the major headings addressed by the summit. The results will have a positive impact, be it by simplifying the process of forming the next government, finding a framework for

army entry into Iqlim [al-Tuffah], or dissolving the militias and bringing them under the banner of legitimacy. But results appear gradually, not immediately. What was established in Damascus were the broad outlines related to all these matters, in addition to the capabilities Damascus can bring to bear in support of legitimacy.

The Post-Ta'if Period

[Al-Husayni] What is the true story regarding the dispute between those in government?

[Buwayz] Allow me to say that this subject has been unreasonably exaggerated. We are in the post-Ta'if period which means we should be operating under a new constitution and new laws. As an attorney, I know that when one has a new law there is a period of testing, and the framework in which it will be applied has to be laid out. I know that with a new law, we go through a phase of consultations among attorneys. The phase ahead is one devoted to working out the al-Ta'if [Accord], tradition, and customary law. The al-Ta'if [Accord] is a set of provisions that may not address all the daily issues related to governing. If those in the government seem to need tradition, customary law, and a certain amount of legal discussion in order to enforce the al-Ta'if [Accord] at all levels, this is the stage we are in. It is only natural that when a specific matter is raised regarding how to apply the al-Ta'if [Accord], that there will be consultations within the government, i.e., a democratic system, especially in Lebanon where democracy is so fully practiced. Consultations are not easy. They may end quickly, or there may be a difference of opinion between government officials, but this does not at all mean there is a government crisis. We are well beyond the crisis that faced President Sarkis and the boycotts that used to occur. We are also well past the crisis that characterized the rule of President al-Jumayyil, the boycott of that time, and the practices under General Michel 'Awn. There is no comparison whatsoever. There are differences of opinion, but this is very natural. It happens in the French quasi-presidential system between President Mitterand and Prime Minister Rocard, in Britain between the prime minister and members of her cabinet, and in the United States which has a presidential system where there is virtually permanent competition between the Congress and the President. Everyone knows how many times the Congress has blocked bills submitted by the President and how many times it has delayed decisions issued by him, especially related to arms, the economy, military affairs, taxes, and foreign intervention. What is happening today is far less in terms of the level of disagreement, or dispute as you wish to call it, than what happens in some democratic countries.

Government and the Press

[Al-Husayni] An accusation has been leveled at the presidency to the effect that it is behaving as if the al-Ta'if Accord did not exist and is exceeding the

authority granted to it under the new constitution. What do you have to say about that?

[Buwayz] This was claimed concerning the president of the republic's televised press conference. Is there a provision in the al-Ta'if Accord that prevents the president of the republic from making statements or holding press conferences? The same was said when the president made a number of visits. Once again, does the al-Ta'if Accord specify that the president of the republic is to be banned from traveling to certain parts of his own country. I feel this is being raised in the press, not in government circles.

[Al-Husayni] Can an expanded new government of 30 ministers get under way?

[Buwayz] This is not an ordinary government, but an exceptional one imposed by conditions. Its primary task is to represent the maximum number of political forces in Lebanon because this government is going to have to take major decisions concerning state authority, application of the al-Ta'if Accord, and dissolving the militias. There were those of us who termed this government the "National Salvation Body" or the "Founding Assembly of the Second Republic." It may be possible to deal with the matter of assuming ministerial responsibilities through adroit and precise allocation of positions, or we may be able to address imbalances by distributing positions in a manner that allows the minister to fulfill his duties. We are going to have to consider a government similar to this, even if only as a transitional stage.

[Al-Husayni] Why were you chosen as the front man to respond to Minister Walid Junblatt?

[Buwayz] I was not chosen. No one chose me. After Minister Junblatt challenged me in his press conference, I responded in a purely personal capacity. I informed all of the newspapers that this response was being directed by me personally, and I gave the title Attorney Faris Buwayz. I did not use any other title. Some of the papers changed the intent of this matter and considered it to be a response by the president. That is incorrect; it is a personal response, by me, because Mr. Junblatt challenged me in his [press] conference. The statement I distributed to a number of newspapers does not bear my signature as the counselor or spokesman on behalf of the presidency. It is my right to reply. Had the president wanted to reply, he would have issued a statement as is always done through the Office of the Director General of the Presidency, the Presidential Office, or the Presidential Press Office.

[Al-Husayni] There is a rumored dispute between George and Roy al-Hawari regarding the empty Maronite seat in the Zahlah region.

[Buwayz] I have no information on that. If such a dispute exists, I think it can not be very large or serious. The two brothers may be able to come to an understanding on settling it.

[Al-Husayni] Can we say that Greater Beirut has been accomplished and no gaps have been left open?

[Buwayz] Greater Beirut has been somewhat achieved, i.e., it has been accomplished to the extent that the Lebanese army is able to provide security and impose order. Other security agencies must be given control over matters on the ground, and they will be able to accomplish the remainder of the security plan. As you know, the Lebanese army can not get involved in the daily details of the citizen, nor can it investigate every security problem. This falls under the jurisdiction of internal security forces, the State Security Agency, and other agencies awaiting appointments to begin their work, reorganize, and become more effective. We can say that the largest share of the Greater Beirut operation has been completed, but that it needs additional precision and reinforcement. This is accomplished through the security agencies.

The Same Standards

[Al-Husayni] It is said that the government today is closer to the Lebanese Forces than any other group. Is this the prologue to a bilateral alliance like that of Ilyas Sarkis and Bashir al-Jumayyil?

[Buwayz] How can something like that be said? Spell out how the government is closer to one group than the other. Where are the concessions made by the government? Where is the quality of interaction created between one group and another? When this government took over it had two options: either to impose state authority by force, a matter of war while the government was billed as one of peace, or to impose state authority through national dialogue and political negotiation. The government chose the latter and established common public standards to be applied to everyone. Those who accepted the standards enjoyed a relationship of positive interaction with the government, while in the case of those who rejected them militarily, like General 'Awn, the government was forced to set a limit. The standards themselves, however, are the same for all groups. There will be no bilateral alliances whatsoever during this era. This is an era of rapprochement and internal equilibrium, one in which local groups will be dealt with on the basis of their response to government initiatives, when the largest number of local groups will be contributing to the political decision-making process.

[Al-Husayni] Where does the matter of appointing deputies stand?

[Buwayz] I think it is too early to raise this matter since a government is needed first. Secondly, that government will have to say whether or not it will be able to dissolve the militias within the period provided under the al-Ta'if Accord. This will determine whether or not we can get into that subject. This is why, despite everything that has been said, I believe the subject is premature. Naturally, preparations are being made, names suggested, and a number of candidates have taken specific steps. This is natural, but on the scale of priorities we have formation

of the new government, then very urgent and essential security appointments, and only then can we begin to open this file.

Rules for Appointing Deputies

[Al-Husayni] Have firm rules been adopted on this issue?

[Buwayz] Yes, there are a number of rules. First, the Council of Deputies has to receive an infusion of individuals who are of moderate outward-looking national unitarian persuasion able to keep pace with the course of the state.

Second, the advanced age of a number of present deputies and their inability to participate fully in legislative activity means that the Council of Deputies has to receive an infusion of elements able to do legislative work appropriate to our condition and level of progress.

Third, the number of members in the Council of Deputies has to be raised so that the principle of parity is put into effect.

Fourth, this Council has to become more representative than it is at present. Now that nearly 20 years have passed, a number of new faces have to be brought in.

[Al-Husayni] What about administrative appointments?

[Buwayz] There are a number of security positions that have to be filled very quickly, because although the army will be able to suppress obvious transgressions when it takes over the capital, it will not be able to monitor, warn of, and compete against the security transgressions that take place. This is why it is so important that a number of security positions be reinstated and made effective once again. First, to restore security in the Greater Beirut area in an effective manner; and second, to complete the preparations needed for state authority to reach out across a larger part of Greater Beirut in the future.

[Al-Husayni] Based on your capacity as presidential counselor and the contacts you are making, what are the chances of implementing [U.N.] Resolution 425 in the period ahead?

[Buwayz] There are two ways of dealing with Israeli occupation of South Lebanon: the popular emotional method which only talks about resistance, and the more effective practical method which is to begin to establish the Lebanese state and all of its agencies. Once the state is able to establish a disciplined regular army in numbers sufficient to carry out its basic missions, and when we are able to buttress and unify internal political decisions, then the Lebanese state will be able to pressure a number of its friends throughout the world, the Security Council, and the United Nations to achieve Israeli withdrawal from the South. But talk of liberating the South before the Lebanese state even has control over the capital, or state agencies are set up, is just emotional prattle.

[Al-Husayni] What about General Michel 'Awn? Will he leave the embassy at the end of the year for Paris?

[Buwayz] It is really too early to predict where the problem of General 'Awn is headed. One thing is certain, however. The state will have had to take control before this matter can be raised and dealt with. There will have to be adequate guarantees that foreign countries will not exploit General 'Awn to destroy the march toward peace.

REPUBLIC OF YEMEN

Text of New Press Law

91AE0255B Sanaa AL-THAWRAH in Arabic 25 Dec 90
p 7

[Text] In the name of the people.

Chairman of the Presidential Council,

After examining the agreement on the declaration of the Republic of Yemen and the constitution of the Republic of Yemen, and following the approval of the Council of Deputies and the Presidential Council, we have promulgated the following law:

Chapter 1

General Definitions and Principles

Section 1

Article 1: This law shall be designated "The Press and Publications Law."

Article 2: For the purposes of the application of this law, the following words, unless otherwise indicated by the context, shall mean:

Journalism: The function, by means of printed, audio, or visual means of communication of: investigating and collecting facts, information, and news; writing or translating articles, columns, investigative reports, or analyses; preparing programs and commentaries; drawing caricatures; journalistic photography and production; and revising and writing headlines.

Newspaper: Any newspaper or magazine issued under one name periodically at regular times with the intent of general circulation.

Journalist: Whoever practices, in an ongoing manner, the printed, audio, or visual journalistic profession, or [works] in a Yemeni or foreign news agency that operates in Yemen, as a main source of livelihood.

News agency: A journalistic organization that observes and investigate news, prepares news reports, produces written and photographed investigative reports and analyses, and disseminates them through numerous media.

Press: Any machine, group of machines, or apparatus that is set up to print or record words, photographs, or pictures with the intent of publishing or circulating them, excluding an apparatus intended for photography, ordinary typewriters, and apparatuses used to derive pictures of documents and records.

Publishing house: A party that prepares and arranges publications for printing, produces them for publication, and distributes them for sale.

Publisher: A natural person or body corporate that publishes any publication and is required to record his/its name on it.

Distributor: A natural person or body corporate that, as an occupation, engages in commerce by selling, distributing, and offering for circulation, newspapers and magazines.

Publication: Any piece of writing, drawing, sound or image recording tape, piece of music, or photograph conveyed by modern scientific, technical, or other means of negotiable expression.

General circulation: The offering of newspapers, magazines, and publication for sale, distribution, or display in store show windows, or any other activity that puts such newspapers, magazines, and publications within reach of the public.

Book store: A place intended for the display and sale of publications.

The National Library: The site designated for the keeping of books and historical manuscripts, and the location for the lodging of any serial or nonserial publication.

Lodging: The retention and registration of a publication by the Lodging Agency.

Section 2

General Principles

Article 3: Freedom of information, thought, the press, expression, communication, and the acquisition of information is a right of citizens to guarantee expression of their thought through speaking, writing, photography, drawing, or any other means of expression. It is guaranteed to all citizens under the provisions of the constitution and the provisions of this law.

Article 4: The press shall be independent and practice its function freely in serving society, forming public opinion, and expressing society's orientations through the different means of expression in the framework of the Islamic creed, or the constitutional foundations of society and the state, the goals of the Yemeni revolution, and the deepening of national unity. Interference in the activities of the press is permitted solely pursuant to the provisions of the law.

Article 5: The press is free regarding [the selection of] what it publishes and regarding the acquisition of news and information from its sources. It is responsible for what it publishes within the framework of the law.

Article 6: The law protects the rights of journalists and creative personalities [mubdi'un] and provides the necessary legal guarantees for [their] professional practice

and their right to expression without being subject to illegal interrogation, unless that violates its provisions.

Chapter 2

The Prerequisites for Journalistic Activity, the Rights and Duties of Journalists, and the Prerequisites for the Activity of Arab and Foreign Journalists:

Section 1

Prerequisites for Press Activity

Article 7: Whoever engages in journalistic work must meet the following conditions:

1. He must be a Yemeni national.
2. He must be at least 21.
3. He must be legally competent.
4. He must not have been legally sentenced for an offense involving moral turpitude or a crime in violation of trust, unless he has been rehabilitated under the provisions of the law.
5. He must have obtained a diploma from a college or an institute, or he must have at least three years of experience participating in journalistic activity.
6. He must engage in journalistic activity on an actual, ongoing basis.

Article 8: The editor-in-chief of a newspaper, in addition to the conditions contained in the previous article, must fulfill the following conditions:

1. He must not be a state employee or an employee of a foreign party.
2. He must be at least 25.
3. He must be proficient in the language in which the newspaper is issued.
4. He must have knowledge of, and experience in, journalistic work amounting to at least five years for holders of journalistic specialties, and eight years for others.

[The original does not contain a fifth item.]

6. He must be occupied exclusively in his [journalistic] work.

Article 9: A journalist shall be deprived of his journalistic capacity in the following circumstances:

1. If he does not fulfill a condition stipulated in Article 7 of this law.
2. If he is dismissed from his work pursuant to the law due to his commission of a crime that violates the honor of the profession.

3. If he leaves journalistic activity by his own choice and transfers to another field.

Article 10: The Information Ministry shall grant a Press Facility's Card, and the Union of Yemeni Journalists shall issue a Profession Card. Whoever is granted [such cards] shall fulfill, in addition to the conditions in Article 7, one of the following conditions:

- a. He must have obtained a university diploma from a college of journalism or communication or from an advanced institute of journalism or communication, and he must have at least one year of practical experience in journalism.
- b. He must have obtained a university diploma from a college or institute and have at least two years of experience in journalism.
- c. He must have obtained a general secondary school diploma, or the equivalent, and have at least five years of experience in journalism.
- d. He must have at least ten years of adequate experience in journalism.
- e. The card's form, the data appearing on it, and the method by which it is granted, renewed, withdrawn, and canceled shall be determined in bylaws promulgated by the information minister.

Article 11: The bearer of a Press Card shall enjoy all facilities and privileges granted by state agencies to journalists pursuant to a resolution by the cabinet.

Article 12: Subject to the provisions of Article 10 of this law, a request to obtain a Press Facilities Card shall be submitted to the Information Ministry supported by the necessary documents. If the reason for the request is rejected, or 30 days elapse without a response, the requestor has the right to resort to the judiciary within 30 days of the date of his being notified of the rejection or the elapse of 30 days without a response.

Section 2

The Rights and Duties of Journalists

Article 13: It is not permitted to interrogate a journalist about a view originating with him, or about journalistic information that he publishes, or, that [view or information] shall not be to his detriment unless he acts in violation of the law.

Article 14: A journalist has the right to obtain information, news, data, and statistics from their sources, and he has the right to publish them, not publish them, and safeguard the confidentiality of his sources of information. It is not permitted to compel a journalist to divulge his sources under the provisions of this law.

Article 15: A journalist has the right to refrain from writing or preparing journalistic material which is incompatible with his convictions and opinions and which is unacceptable to his journalistic conscience. He

has the right to criticize what he deems appropriate in order to clarify his opinion and express his view regardless of differences of opinion and intellectual judgments [that may exist], in the framework of the constitution's provisions and principles.

Article 16: A journalist has the right to examine official reports, facts, information, and data. The agency in which such reports, facts, information, and data are available shall enable the journalist to examine and use them.

Article 17:

a. A journalist has a right to be a correspondent for one or more Arab or foreign media, provided that he has obtained written authorization from the Information Ministry, which shall be renewed every two years.

b. A journalist has the right to cover any domestic, Arab, or international event regardless of the nature of the official relations between the [Yemeni] state and the locality of the event.

Article 18: It is permitted to dismiss a journalist, transfer him to nonjournalism work, stop him from working, prevent him from writing, or call him to account, only within the framework sanctioned by the law and regulations in effect.

Article 19: A journalist has the right to defend his rights through his union framework and the legal means guaranteed by the constitution or law, or to resort to the judiciary directly in keeping with provisions in effect.

Article 20: A journalist shall adhere to the principles and goals of the Yemeni revolution and the foundations of the constitution regarding what he publishes, so as not to contradict the provisions of this law.

Article 21: A journalist shall adhere to professional integrity and the covenants of journalistic activity, any violation of which shall be considered a threat to citizens in any capacity through the press.

Article 22: A journalist shall respect the honor and reputation of individuals, families, and private life regarding public-welfare related issues published by him.

Article 23: A journalist shall refrain from publishing information whose accuracy is unconfirmed, distorting accurate information, attributing statements or actions to a person or party without ascertaining the accuracy of the attribution, and [publishing] statements issued by a person or party without attributing those statements.

Article 24: A journalist shall refrain from exploiting his profession for illegal personal purposes and gains. He is not permitted to extort individuals or public or private bodies corporate to obtain monetary gain or a special benefit for himself or another.

[There is no Article 25 in the original.]

Article 26: A journalist is not permitted to accept any subvention, gift, contribution, or special privilege in an illegal manner, directly or indirectly, from any party.

Section 3

Stipulations Regarding the Activity for Arab and Foreign Journalists

Article 27: A journalist shall be accredited as a correspondent for one or more mass media of Arab and foreign governments or organizations after being granted an authorized Correspondent's Card.

Article 28: The Information Ministry may accredit Arab and foreign journalists, who are correspondents for Arab and foreign newspapers, news agencies, and radio and television stations, for a period of one year, subject to renewal, to engage in journalistic activity inside the country, in accordance with the principle of reciprocity. The ministry may deny or cancel their accreditation.

Article 29: Arab and foreign journalists and media correspondents accredited in the Republic of Yemen shall enjoy the following rights:

1. The right for themselves and their family members to reside [in the Republic of Yemen].
2. The right to obtain an entry visa for themselves and their family members.
3. The right to establish an office, with the approval of the Information Ministry.
4. The right to take fact-finding trips throughout the country, after notifying the Information Ministry regarding such trips.
5. Privileges and facilities determined by the implementing regulation for that.

Article 30: 1. Journalists and correspondents of newspapers and other media and workers in Yemeni newspapers shall comply with the laws and regulations in effect. They shall respect the country's sovereignty and independence, and the Yemeni people's creed, Shari'ah [Islamic canonical law], morals, customs, and traditions. They shall not engage in any activity that is conducive to [as published (text apparently omitted)].

2. The journalists mentioned in paragraph 1 of this Article shall gather information and news through legal methods.

Article 31: The Information Ministry has the right to grant a card to an accredited journalist correspondent, or to cancel, withdraw, or not renew it, or to cancel a license, without stating the reasons [for doing so], as a result of which the residence of the journalist in the country shall lapse, unless there is another legal reason for his residence that does not violate the provisions of this law.

Article 32: The Information Minister shall promulgate bylaws that specify stipulations regarding the activity and work of Arab and foreign journalists in the printed, audio, and visual Yemeni press and the news agency.

Chapter 3

The Regulation of the Activity of Newspapers and Magazines

Section 1

The Issuance and Ownership of Newspapers and Magazines

Article 33: The right to issue and own newspapers and magazines is guaranteed to citizens, licensed political parties, individuals, general bodies corporate, popular and creative organizations, ministries, and governmental organizations pursuant to the stipulations of this law.

Article 34: Anyone wishing to issue a newspaper or magazine must submit a written request to the information minister that includes the following information:

1. The quadripartite name, descriptive name of the license, and residence.
2. The quadripartite name, title, residence, and the qualifications of the responsible editor-in-chief, the responsible editors, and publishers, if applicable.
3. The name of the press at which the newspaper or magazine is printed if the newspaper or magazine does not have its own press.
4. The name of the newspaper or magazine, the language in which it is issued, the dates of its issuance, its character, and its address. The name of a newspaper or magazine may not resemble the name of another newspaper or magazine that was issued before it and still exists legally.
5. The distinguishing mark of the newspaper or magazine, be it a picture, an inscription, or both, is not permitted to correspond to the distinguishing mark of another newspaper or magazine that was issued before it and still exists legally.
6. A statement of the capital of the newspaper or magazine, and the name of the bank with which it transacts, pursuant to what is specified by the bylaws stipulated in paragraph 5 of Article 46 of this law.

Article 35: The information minister's resolution to permit the establishment of a newspaper or magazine shall include the following information:

1. The name of the newspaper or magazine.
2. Its address.
3. The printing press pertaining to it, if applicable, pursuant to the provisions of this law.

4. Its character, be it political, economic, social, cultural, technical, or other.

5. Its dates of issuance.

6. Its responsible editor-in-chief.

Article 36:

1. The information minister shall grant a license to establish a newspaper or magazine to anyone who fulfills the conditions stipulated in this law.

2. Anyone whose request to establish a newspaper or magazine is rejected, may bring a complaint against the decision to the judiciary within 30 days of being notified of the rejection or the elapse of 30 days without a response.

Article 37: A newspaper or magazine license shall be considered invalid in the following circumstances:

1. The occurrence of a change in the information contained in the license without the notification of the ministry within ten days [of the change in the information].
2. If a daily newspaper is not issued regularly during a three-month period, or a weekly is not issued during a four-month period, or a monthly magazine is not issued during a six-month period, or a quarterly is not issued during a 12-month period.
3. If the magazine or newspaper is not issued during the six months following the issuance of the license pertaining to it.
4. If the holder of the license requests its cancellation.
5. If the body corporate licensed to issue a newspaper ceases.
6. If the owner dies, and the heirs are unable to issue the newspaper or magazine regularly during the year following the death.

Article 38: Two or more newspapers may be merged, in which case the merged newspapers' previous licenses to issue shall be canceled, and measures must be taken to obtain a new, single newspaper license.

Article 39:

1. A person licensed to issue a newspaper or magazine, or his representative, must inform the Information Ministry in writing of any change that occurs with regard to the information contained in the license application at least one week before the occurrence of the change, unless the change occurs unexpectedly [in which case] it is necessary to notify [the ministry of the change] within a week of the occurrence of the change.

2. If a change concerns the appointment of a new editor-in-chief, the conditions that must be fulfilled regarding the editor-in-chief must be fulfilled [by the new editor-in-chief], and [the change must be stated in

an] announcement in that newspaper or magazine [that is affected]. In addition, if a change concerns the name, distinguishing mark, or owner of a newspaper or magazine, that change must be published in a printed means of publication.

Article 40: Parties, mass and creative organizations, ministries, and governmental organizations are excepted from the provisions of Articles 34 and 35 regarding the issuance of their newspapers, magazines, and publications.

Article 41: Parties, mass and creative organizations, ministries, and governmental organizations must submit the names of the responsible editor-in-chief and [members of] the press crew [of magazines, newspapers, and publications that they issue]. They must also inform the Information Ministry of any change or amendment [regarding such personnel] within ten days of its occurrence. The bodies mentioned in this article must register the newspapers, magazines, and publications pertaining to them with the Information Ministry.

Article 42: The responsible editors-in-chief of newspapers belonging to parties, mass and creative organizations, ministries, and governmental organizations shall bear full responsibility for everything that is published in those newspapers under the provisions of this law.

Article 43: Each newspaper or magazine must have an editor-in-chief who is directly responsible for what is published in it and who actively oversees its entire content. The editor-in-chief shall have a number of responsible editors opposite him; each one shall actively supervise a specific section. The owner of a newspaper may be the editor-in-chief or a responsible editor if he fulfills the conditions stipulated by this law.

Article 44: A newspaper or magazine shall include, clearly on every copy, the name of its responsible editor-in-chief, its publisher if applicable, the name of the printing press that prints it, the date of its issue, the price of a subscription to it based on the price of a single issue, and the dates of its issuance.

Article 45: The issuance of a supplement to a newspaper or magazine is permitted provided that the supplement is designated by the name of the original publication, and that it is mentioned in the primary newspaper to which it is a supplement.

Article 46: The following conditions must be fulfilled by the owner of a newspaper or magazine:

1. He must be a Yemeni national.
2. He must be legally competent.
3. He must not have been legally sentenced for an offense involving moral turpitude or a crime in violation of trust, unless he has been rehabilitated under the provisions of this law.

4. If he is the owner of a stock company or organization, its shares must be nominal and owned by Yemenis alone.

5. The newspaper or magazine must have [the amount of] capital determined by the bylaws issued by the Information Ministry. Excepted from this are newspapers and magazines issued by parties, creative and mass organizations, and governmental bodies.

Article 47:

1. The owner of a newspaper may transfer ownership of it to a party or citizen that fulfills the conditions stipulated by the law, with the written approval of the information minister.

2. The transferrer must submit to the Information Ministry a request that includes information and documents confirming the transfer recipient's fulfillment of the conditions stipulated by this law.

Article 48: A newspaper has the right to publish articles written under pseudonyms based on the request of the author of the article provided that the newspaper possesses the true, full name.

Article 49: A newspaper has the right to obtain information, news, data, and statistics from their sources, and it has the right to publish or not to publish them.

Article 50: An editor-in-chief must accept topics submitted by citizens for publication. He may reject them if they are incompatible with the provisions of this law. [in which case.] the citizen has the right to complain to the Information Minister.

Section 2

Financial Control of Newspapers and Magazines

Article 51: Newspapers are absolutely prohibited from receiving subventions or gifts in any form from any non-Yemeni party regardless of the purpose of such gifts and subventions.

Article 52: It is prohibited to advertise the commencement of subscription for [fath al-iktibab 'an] fines, fees, or damages imposed on the owners of newspapers or employees.

Article 53: Newspaper and magazine owners must maintain records of accounts that are organized according to commercial principles. They must select an accredited, chartered accountant to oversee these records and control the newspaper's annual budget.

Article 54: The Information Ministry may examine a newspaper's financial data, accounts, budget, and records to ascertain the application of the provisions of this section. Persons from the ministry who are tasked with examining this information are required to maintain the confidentiality of transactions other than those subject to penalization under the law.

Section 3

The Circulation of Newspapers, Magazines, and Publications

Article 55: A newspaper, magazine, or publication may not be circulated unless it clearly bears on one of its pages: its name; the names of the responsible publisher, editor-in-chief, and official [muwazzaf]; the date and place of its issuance; the price of a copy; the cost of a subscription; the issue number; and the name of the printing press and publishing house at which it was printed.

Article 56: a. Anyone wishing to engage in the occupation of importing, selling, distributing, and circulating cultural magazines, publications, books, and paper material, and to hold cultural exhibitions, must obtain prior written permission from the Culture Ministry.

b. Anyone wishing to engage in the occupation of importing, selling, distributing, and circulating newspapers and magazines must obtain prior written permission from the Information Ministry.

Article 57: It is permitted to circulate any newspaper, magazine, or publication printed outside of Yemen unless it contains matter whose publication and circulation are prohibited under the law in effect. The pertinent minister has the right to prevent the circulation of any newspaper, magazine, or publication if its contents contradict the stipulations of this law.

Article 58:

1. The owner of a newspaper, magazine, or publication has the right to bring a complaint to the judiciary regarding a decision to prevent circulation.

2. Measures to prevent the circulation of a newspaper, magazine, or publication do not preclude the taking of legal measures pursuant to regulations in effect.

Article 59: It is permitted to open a bookstore for the sale of newspapers, magazines, publications, and paper material, and it is permitted to establish cultural exhibitions to distribute them based on written permission from the pertinent agency in the Culture Ministry. Permission is not a prerequisite for someone who distributes magazines, newspapers, and printed matter as a supplementary, nonprimary activity.

Section 4

The Right to Correct and Respond, and the Publication of Official Communiques

Article 60: The right to respond and correct is guaranteed to citizens, parties, mass and creative organizations, ministries, governmental organizations, and juristic persons [bodies corporate]. It can be exercised through their legal representative if a publication includes that which pertains to these persons themselves.

Article 61: A person or specific party has the right to respond, under the stipulations in this section, to any article published by a magazine or a newspaper, or to a publication that contains an allusion to, or even an insinuation of, that person or specific party, if such person or party has a legitimate interest in doing so, even if the article does not contain defamation or abuse regarding him.

Article 62: The editor-in-chief must publish the correction and the response verbatim, and in the same language, in the same space, and on the same page [as the article that elicited the correction and response], without cost, in the following circumstances and conditions:

1. Based on a request by a relevant party.

2. Based on a request of the heirs [of a relevant party], or whomever they authorize to respond to an article or news item that is published regarding their testator after his death.

3. If the response or correction is received by the editor-in-chief within three months of the date of the matter whose correction is sought.

Article 63: If the newspaper is a daily, its editor-in-chief is required to publish a correction and a response within 30 days of his receipt [of the correction and response]. If the newspaper is not a daily, its editor is required to publish a correction and a response in the first issue of the newspaper published after his receipt [the correction and response].

Article 64: An editor-in-chief is required to publish communiques, statements, or corrections of news items previously published by the newspaper regarding public welfare matters, which are sent to him by ministries and public organizations. He is required to do so at no charge, in a space designated for important news, and in the first issue put out by the newspaper or magazine [to which he is affiliated, after his receipt of such communiques, statements, and corrections].

Article 65: A newspaper or magazine may reject a response, correction, or denial in the following circumstances:

1. If the conditions contained in Article 61 of this law are not present.

2. If the newspaper or magazine previously corrected an article whose correction is sought, in the same sense of the facts, corrections, and response entailed by that article.

3. If the correction is signed [muwaqqifan] by a pseudonym or is written in a language other than the language in which the corrected news item, article, or subject was published.

Article 66: The pertinent party has the right to complain to the Information Minister or to resort to the judiciary

in the event that the editor-in-chief refrains from publishing a correction or response [submitted by the pertinent party].

Article 67: A publisher must correct erroneous facts, data, and information contained in a publication immediately upon being informed of the truth. The pertinent party has the right to complain to the Culture Minister or to resort to the judiciary in the event that the publisher refrains from publishing a response [submitted by the pertinent party].

Section 5

Advertising

Article 68: It is permitted to establish advertising offices or agencies, engage in advertising activities in any form, and present any commercial advertising by means of a motion picture apparatus and the like in exhibition halls or public places after obtaining written permission from the Culture Ministry.

Article 69: Every newspaper shall determine a list of prices for its advertisements in coordination with the pertinent agency for prices. It shall lodge this list, or any change that occurs regarding it, with the Information Ministry to ensure the newspaper's adherence to it.

Article 70: Advertising must be distinguished from other published material in a newspaper by the expression "advertising material."

Article 71: If a newspaper publishes an advertisement for a party or organization without written approval from it, payment for the advertisement is not required.

Article 72: An article or a special dossier that [illegible words] organizations seek to publish in a newspaper to record a country's achievements or policy is considered an advertisement.

Article 73: The fee for these advertisements must be determined according to the prices established in the newspaper, without an increase.

Article 74: An advertisement may not include anything that is prohibited by this law, and the responsible editor-in-chief shall refrain from publishing such an advertisement.

Article 75: The culture minister shall promulgate an implementing regulation regarding the granting of licenses to engage in advertising activity, the firms relevant to it, and the conditions that must be fulfilled regarding an application for a license.

Chapter 4

Provisions Pertaining to Printing Presses, Publishing Houses, Literary Works, and the Legal Lodging of Publications

Section 1

Printing Presses

Article 76: In order to establish and use a press, it is necessary to obtain a license from the Culture Ministry. A request for such a license shall be submitted to the pertinent agency in the ministry, and it shall include the following information:

1. The press owner's name, address, and date of birth.
2. The name of the press, the type and number of machines used in it, its location, and the address of its administration.
3. The name, address, and date of birth of the person in charge of the administration of the press.
4. The registration number [of the press] in the Commercial Register.

Article 77: The responsible director of the press shall fulfill the following conditions:

1. He must be legally competent.
2. He must not have been sentenced to a criminal penalty pertaining to this occupation, unless he has been rehabilitated pursuant to the law.
3. He must be at least 25.
 - a. He must have at least five years of experience in the printing field.
 - b. He must not be the responsible director of another press.
4. If the press assumes the form of an organization or a stock company:
 - a. Its shares must be nominal.
 - b. It must submit, to the Culture Ministry, the necessary information regarding the owner of the press and the members of its board of directors or its organization.

Article 78: The Culture Ministry shall decide upon a request for a license within 30 days of the date of the submission of the request to it. If the period elapses without a response, or the ministry denies the granting of a license, the relevant party may complain directly to the judiciary within 30 days of being informed of the decision to deny [the request] or the expiration of the 30-day period without a response.

Article 79:

[a.] The owner or responsible director of a press is required to inform the Culture Ministry of any change in

the information contained in a license to establish a press one week before the occurrence of the change. If the change occurs unexpectedly, the ministry must be informed within one week of its occurrence.

b. The Culture Ministry has the right to cancel a license if a change results in the violation of the conditions stipulated by this law.

Article 80: The owner of a press may transfer ownership of the press after obtaining written authorization from the pertinent agency in the ministry. He shall submit a request to obtain such authorization, and the request shall include information and documents that support the fulfillment of the [relevant] conditions.

Article 81: If the owner of a press dies, his heirs must so inform the Culture Ministry in writing within two months of the death. The license [of the deceased owner] to engage in [printing] activity shall be transferred to them, unless they declare their desire to discontinue the [printing] activity.

Article 82:

a. The owner or responsible director of a press must maintain a log book stamped with the stamp of the Culture Ministry, in which he records the titles of publications prepared for publication according to the date, their reimbursements [rududiha], the names of their authors, and the number of copies printed.

b. The owner or director of a press must submit the log book to the pertinent agency in the Culture Ministry, so that the following can be recorded on its first or last page: the number of pages in it, the date of its submission, the name of the press and its owner or responsible director, and the number of the license to establish a press.

Article 83: The name and address of the press, the name and address of the publisher, and the printing date must be clearly recorded on one of the pages of a publication. In addition, the author's name and the printing rights shall be recorded in an appropriate place.

Article 84: No publication may be printed or reprinted without the legal authorization of the holder of the printing rights, whether the holder is a natural person or a body corporate.

Article 85: The owner and responsible director of a press shall bear full responsibility for any publication that is issued by the press in violation of the provisions of this law.

Article 86: The provisions of Articles 83, 84, and 85 of this law shall not apply to publications of a character that pertains to commercial activity.

Section 2

Publishing Houses

Article 87: Anyone wishing to establish a publishing house must submit a request to the pertinent agency in

the Culture Ministry to obtain a license. The following information shall be stated in the request:

1. The name, address, and date of birth of the owner of the publishing house.
2. His title.
3. The name and headquarters of the publishing house.
4. Its character.
5. The name, address, title, and date of birth of the responsible director.
6. The name of the press that prints the publishing house's books if the publishing house does not have its own press.
7. If the publishing house is a stock company, it is necessary to state the names, addresses, and titles of the members of its board of directors or investment organizations, and its capital. A copy of the company's charter [ʿaql] and its basic organization shall be lodged [with the pertinent agency in the Culture Ministry].

Article 88: The owner of a publishing house must fulfill the following conditions:

1. There must not have been issued with respect to him a judicial ruling regarding a crime pertaining to this profession, unless he has been rehabilitated pursuant to the law.
 2. If the publishing house assumes the form of an organization or a stock company, its shares must be nominal.
- b. [as published] The director of a publishing house must fulfill the conditions stated in Article 77 of this law.

Article 89: Each publishing house must have a consultative, specialized organization comprising persons with competence and knowledge of publishing house activity.

Article 90: The publisher's name and address must be mentioned on the first or last page of any publication issued by the publishing house.

Section 3

Artistic Works

Article 91: It is not permitted to engage in the occupation of importing, exporting, renting, selling, photographing, displaying, or distributing artistic works, such as films, videotapes, cassette tapes, and any other artistic works without prior written permission from the Culture Ministry.

Article 92: Any literary work may be presented to the public in a public exhibition provided that its publication and circulation are not prohibited under this law.

Article 93: The provisions of this law do not apply to exhibitions presented by parties, mass and creative organizations, ministries, and governmental organizations in connection with their activities. Nor do they apply to films that are presented by diplomatic missions and consular organizations inside their headquarters to their members.

Article 94: Any person may produce, direct, participate in, or facilitate the production of theatrical, cinematic, television, lyrical, musical, and like works, provided that it does not violate the provisions of this law.

Article 95: The Culture Minister shall promulgate rules and regulations that determine the conditions and information [required] for the granting of licenses for what is contained [in the way of activities] in the provisions of this section.

Section 4

Legal Lodging

Article 96:

1. It is necessary to register any printed work in the register designated for that purpose, and to indicate on the first and last pages of the publication the number [assigned to the] lodging [of that publication] in the National Library.

2. Copies of publications, newspapers, magazines, books, and literary and artistic works of every type shall be lodged with the Lodging Agency.

Article 97: Upon the issuance or printing of any newspaper or its supplements, magazine, or publication, five copies of it must be lodged with the pertinent agency in the Information Ministry and the Culture Ministry, or with their branches in the governorate in which the issuance occurs, and five copies must be lodged with the National Library in the capital or the governorate. A receipt shall be provided for this lodging.

Article 98: In the event of the issuance of a new printing of a publication without change, five copies of it must be lodged with the pertinent agency in the Information Ministry and the Culture Ministry and their branches in the governorate in which the issuance occurs, and two copies with the National Library.

Article 99: Five copies of any publication published outside the country by a Yemeni author or translator must be lodged with the pertinent agency in the Culture Ministry.

Article 100: Importers of publications must lodge two copies of each imported publication with the pertinent agency in the Culture Ministry before offering it for circulation, unless the number of imported copies is limited, in which case the lodging of only one copy is sufficient.

Article 101: It is prohibited to distribute any publication unless it is registered and lodged pursuant to the law.

Article 102: The provisions of Articles 97, 98, 99, 100, and 101 of this law do not apply to publications of a commercial character.

Chapter 5

Prohibited Publications and Penal Provisions

Section 1

Prohibited Publications

Article 103: All persons working in print, audio, and visual journalism, particularly officials in audio and visual broadcasting, newspaper owners, responsible editors-in-chief, printing press owners, publishing house owners, and journalists, shall refrain from printing, publishing, circulating, and broadcasting the following:

1. Anything that harms the Islamic Creed and its lofty principles or debases the revealed religions [Islam, Christianity, and Judaism] and human creeds.
2. Anything that damages the country's supreme interest in the way of secret documents or information, or the disclosure of secrets pertaining to the country's security and defense, pursuant to the law.
3. Anything that leads to the arousal of tribal, sectarian, racial, regional, or family chauvinism, and that spreads a spirit of divisiveness among individuals of society, or calls for their infidelity.
4. Anything that leads to the promotion of ideas hostile to the goals and principles of the Yemeni revolution, or damages national unity and defames the Yemeni, Arab, and Islamic heritage and civilization.
5. Anything that leads to the violation of general morals, and the damaging of the honor of persons and personal freedoms with the goal of personal promotion or pillorying.
6. The proceedings of closed sessions of organizations of supreme state authorities.
7. The proceedings of investigations during the investigation and trial stages, publication of which affects the course of justice, and is forbidden by investigation agencies, the prosecutor, and the judiciary.
8. The intentional publication of incorrect news, information, and data with a goal of affecting the economic situation and producing confusion in the country.
9. Incitement to the use of violence and terrorism.
10. Advertisements that include expressions or pictures that are incompatible with Islamic values and general morals, or that slander and defame the reputation of persons, or that attack the rights of another, or deceive the public.

11. Advertisements for medical and cosmetic preparations and food without permission from the pertinent agency.

12. Opposition to the person of the president of the state by means of direct and personal criticism. Statements may be attributed to him and pictures of him may be published only if prior permission is obtained from the office of the president or the Information Ministry, unless such statements and pictures are effected in a general remark to the public or in a general discussion. These provisions do not necessarily apply to objective, constructive criticism.

Section 2

Penal Provisions

Article 104: Without prejudice to a more severe penalty in any other law, anyone who violates this law shall be punished by a fine of no more than 10,000 riyals or imprisonment for no more than one year.

Article 105: The court may require the closure of a newspaper, press, publishing house, or establishment that circulates publications, artistic works, and the like, whose owner established it without [obtaining] the license stipulated in this law.

Article 106: The court may impose one of the following complementary penalties:

1. The prohibition, for a period of no more than one year, of the practice of the occupation of journalism; printing; the circulation of publications; the export, import, leasing, and sale of films; exhibitions of artistic works; and other occupations stipulated in this law.

[Other penalties are not stated in the original.]

Article 107: It is permitted to seize, administratively, a printing press or newspaper if printing, issuance, or circulation occurs in violation of the stipulations of this law. Such a seizure shall be by means of a decision of the minister or his deputy, and the matter shall be presented to the judiciary for examination regarding the confiscation of that which is seized.

The pertinent party has the right to resort to the judiciary to contest the seizure decision or to demand damages.

Article 108: An editor-in-chief shall be considered a principal agent of any act in violation of this law that is committed by a writer, artist, or person using any

method of expression, unless it is proven that publication [of an item in violation of this law in the publication for which the said editor-in-chief is responsible] occurred without his knowledge.

Article 109: Any importer or distributor of a publication, newspaper, or magazine, or any artistic work that includes writing, symbols, motion pictures, or any other form of expression that is published abroad in a manner that violates this law, shall be punished pursuant to the provisions of Article 104.

Article 110: Any journalist, or owner of a newspaper, printing press, or publishing house, who is proven to have obtained funds or services from any foreign party with the intent of confusing and inciting public opinion, shall be punished pursuant to the provisions of Article 104.

Chapter 6

General Concluding Provisions

Article 111: Owners of publications, printing presses, newspapers, distribution houses, and publishing houses must arrange their situations to accord with the provisions of this law within three months of its implementation.

Article 112: It is not permitted to confiscate or stop a newspaper, magazine, publication, and the like, unless pursuant to the law.

Article 113: The establishment of offices and agencies of press and media services and translating offices and rooms shall be subject to the provisions of this law and its implementing regulations.

Article 114: The Information Minister [and the Culture Minister], each regarding what concerns him, shall promulgate resolutions, bylaws, and instructions to implement the provisions of this law.

Article 115: For the purposes of this law, any stipulation that contradicts its provisions shall be abrogated.

Article 116: This law shall become effective as of the date of its promulgation, and it shall be published in the Official Gazette.

Issued by the Presidency of the Republic, Sanaa, 23 December 1990.

Lieutenant General 'Abdallah Salih the Chairman of the Presidential Council

BANGLADESH**Press Note on Release of Selected Convicts**

91AS0571A Dhaka THE BANGLADESH OBSERVER
in English 14, 15 Jan 91

[14 Jan 91 p 1]

[Text] The government announced its decision to release different categories of convicts with immediate effect under certain conditions, a press note said in Dhaka Sunday night, reports BSS [Bangladesh News Agency].

Out of the total 13 thousand convicts in different jails of the country, 3,683 including 750 in the Dhaka Central Jail will be benefitted by this amnesty and special concession for the immediate release, the press note issued by the Home Ministry said.

The remaining 9,317 convicts will be released in phases on different dates in 8 years, the press note added.

The press note said (text) "several rounds of talks with the prisoners and high-level review meetings were held to tackle the situation out of the recent demands of the prisoners in Dhaka and different other jails in the country [quote marks as published].

Their first and main demand was that all of them should be released as the country has been freed from the clutches of autocracy. The government had rejected it as the demand was unreasonable and this had been informed to all quarters in a press note on 11 January.

[15 Jan 91 p 3]

[Text] Following is the remaining part of the press note issued by the government on Sunday night.

Later, the government after considering their demands decided to release immediately different categories of convicts under certain conditions, and they will be released on different dates after fulfilling the conditions. Under this amnesty and special concessions, out of total 13,000 convicts in jails all over the country, 3,683 including 750 convicts in Dhaka Central Jail will have the opportunity of getting immediate release. The remaining 9,317 convicts will be released in phases on different dates in 8 years. The report published in a section of press that 20,000 convicts will be released immediately is not correct.

Similarly, several decisions have been taken to offer some concessions to the under trials and the prisoners under detentions."

Following are the government decisions in this regard for the information of all:

1. Immediate release of those convicts who suffered half of the punishment till 6 December 1990 under the existing concession.

2. The convicts who are yet to suffer half of their punishment till 6 December 1990 under the existing concession will be released after the fulfillment of half of the prison term.

3. The life term in jail that were awarded to the convicts till 6 December 1990 would now be considered as 20 years.

4. The convicts who were awarded 2 years, imprisonment or less than that till 6 December 1990 would be released immediately.

5. The convicts who are 16 years old or less than that till 6 December 1990 would be released immediately.

6. The convicts who reached 60 years of age or more than that on 6 December 1990 and would be deemed as permanently crippled or invalid would also be released immediately.

7. The ex-armymen convicted under Bangladesh Army Act/regulation would be out of the purview of the aforesaid amnesty and special concession.

8. This amnesty and special concession will be also applicable to those convicts, who have appealed in the high courts against their sentences.

9. Except for those crimes for which particular period of punishment was kept under relevant laws necessary legal provisions would be made with a view to give considering lesser punishment to the under trial prisoners which this would be tried.

10. At present cases with magistrates or session judges under Penal Code 339 (GA), if not settled even after 150/170 days are automatically dismissed. Under the same penal code if any case is transferred from one court to another, has to be settled within the stipulated period.

11. The annulment of the clause 339 (GHA) of penal code will be considered sympathetically.

12. After reviewing their detection very sympathetically, decision will be taken by 31.1.1991 regarding the persons detained on or before 6.12.90 under Special Powers Act of 1974, requests will also be made for speedy dispensation of the cases presented before the advisory board.

13. Appropriate measures will be taken for consideration of the appeals made by the convicts under the Martial Laws Courts, provided there is no constitutional bar.

14. Financial allocation will be made on priority bases to enhance the amenities in the jails including improvement of living conditions, adult education programme and libraries.

15. Computers will be installed for modernisation of prison administration in a coordinated war with other departments of the home ministry.

16. The cases filed against the prisoners by the jail authorities during the recent situation in the jails will be withdrawn.

INDIA

Shekhar Interviewed on Economy, Communal Problems

91AS0533B Cochin *THE WEEK in English*
20 Jan 91 pp 31-33

[Interview with Chandra Shekhar by Rashmi Saxena; date and place not given]

[Text] Question: Now that you have access to files and bureaucrats, has your perspective of various national problems undergone a change? Do you view them differently as Prime Minister?

Answer: My perspective has not changed at all. It is what it was before. I still feel about them as I used to before. There is no change. Problems have not changed. The files may be indicating some other problems. But a change of perspective is not called for.

Question: Would you consider your efforts in Punjab the major achievement of your government so far?

Answer: No, not at all. There has been no achievement. It is just an initiative and I only hope that this initiative will bring some results.

Question: What are your comments about the apprehensions expressed by the BJP [Bharatiya Janata Party] as well as the Congress(I) regarding the demand for self-determination in Simranit Singh Mann's memorandum to you?

Answer: As Mann does not indicate what he means by self-determination I am not able to make any comment on it.

Apprehensions may well be justified; but they may not prove to be true if Mann behaves in a more reasonable manner.

Question: Mann has the support of the Akali Dal factions and the two Panthic Committees. In case he calls for amendment of the Constitution would you go along?

Answer: The question is not only of Mann and my agreeing to it. It is a question of the other political parties agreeing to it. Constitutional amendment is not the prerogative of the Prime Minister. It is the prerogative of Parliament. Unless and until there is cooperation by the parliamentary parties there is no question of amending the Constitution.

Question: Do you think the Sikh community is in a mood to forget and forgive?

Answer: I do not know. I don't analyse the mood of the people, but there is no other way except for us all to have the spirit of forget and forgive.

Question: The Panthic Committee had asked for action against some Congressmen like H.K.L. Bhagat, Sajjan Kumar and Jagdish Tytler for the 1984 riots. Are they still insisting on it?

Answer: Not to me. I have seen some statements from them. But the law will take its own course. They (Panthic Committee) may be having some grievance but they have not told me.

Question: Don't you think the talks with Mann can flounder because of the attitude of the other political parties who are expressing their fears right at the beginning?

Answer: I can't say. I don't go with doubts. We should always go with a certain amount of confidence. There are these problems that have to be tackled and attempts have to be made.

Question: There is definite information that extremists of the northeastern region are in touch with those in Punjab and Kashmir as also the LTTE [Liberation Tigers of Tamil Eelam] men in Tamil Nadu. Do you smell an international conspiracy?

Answer: I don't want to emphasise the conspiracy part of the whole problem. The problems are ours and we have to solve these problems. If certain other forces from outside the borders are trying to create more difficulties, we should be aware of these problems and we should tackle them in our own way.

Question: Do you think that by imposing President's rule in Assam and the banning of ULFA, insurgency in the area can be wiped out? Or are you in favour of holding a dialogue with the extremists there too?

Answer: At the moment there is no proposal to have a talk. If they want to talk the same criteria will be applied to everybody. I have been telling from the very beginning that we are ready to talk to anybody who is an Indian citizen, to solve these sorts of problems. But talks do not mean shifting the position. They should tell us what are their real grievances. These grievances will be looked into.

Question: What about Kashmir? An initiative has not been taken there yet.

Answer: Initiative has to be taken in all areas where there are problems. It (initiative) is not confined to one area. If some people could help us in this matter (Kashmir) it would be welcome and good.

Question: What steps are you contemplating regarding the LTTE presence in Tamil Nadu? It has been stated in Parliament that some of the villages there have been taken over by the LTTE.

Answer: The situation is not that bad. But I can only say that what is happening in Tamil Nadu is not a good sign. We will have to tell the chief minister to do something. Probably talk to them too. There is a difference in talking to them. They are outsiders who have come in and are creating trouble.

Question: Are you still hopeful of something concrete emerging out of the talks on the Ayodhya issue? The VHP [Vishwa hindu Parishad] and the Babri Masjid Action Committee have refused to accept each other's documents.

Answer: As long as negotiations are going on, it should carry some expectations. Not accepting each other's documents...well things like that always happen in such situations.

Question: Will trouble flare up again when ashes of those killed in Ayodhya are taken for immersion on January 14?

Answer: These are things everyone knows are going to happen. Better if it (immersion) were not to happen. But if it is going to take place, let it pass off.

Question: Will Chandraswami's efforts and initiatives on Ayodhya yield some results?

Answer: I don't know the details of his initiatives. But any initiative from any person is welcome.

Question: Do you think the recent riots in Uttar Pradesh and Hyderabad were a reaction to the Hindu militancy which has been given a boost by the BJP?

Answer: No, riots have many other reasons. Riots have taken place in many places just because of rumours and false gossip. I don't think that it should be taken as a reaction to Hindu militancy. Sometimes emotions are aroused over small things.

Question: Maybe the presence of PAC [expansion not given]?

Answer: There has been some criticism of PAC but it is there only in some areas. Not all over.

Question: Do you think that UP [Uttar Pradesh] chief Minister Mulayam Singh Yadav was effective when the state was torn by riots?

Answer: In my opinion Mulayam Singh has been one of the most effective chief ministers in UP.

Question: Yet there is pressure from the Congress(I) that Mulayam Singh should be removed.

Answer: That pressure is only in the newspapers, not on me.

Question: Could there be economic reasons for the riots?

Answer: We should not try and find pretexts for everything. Economic reasons are not behind these riots. The riots have taken place because of certain emotive issues.

Question: Rajiv Gandhi has said that you should follow his example of removing chief ministers of states which have witnessed riots as he did in Karnataka and Andhra Pradesh.

Answer: I don't want to comment on what he has said. But at least he has not said this to me.

Question: How do you view the Congress(I) demand in Parliament that it be treated as an opposition party? Is it not a sort of betrayal of you?

Answer: I don't think it is a betrayal. They have a point of view. It is for the presiding officer to decide. But a party which is supporting the ruling party does not become the ruling party all of a sudden. If they are not the ruling party and if they are not the opposition...there is no neutral position. The Congress party is not a sharer in the power. They have extended support to us, so their claim cannot be ignored. So I cannot say it is a betrayal. It is an assertion of their right. If it is accepted by the presiding officer or not is altogether different.

Question: Is it not a signal that the Congress(I) may withdraw its support to your government?

Answer: I don't know why people are so much bothered about my being let down. They have this phobia. I am not suffering from any such phobia.

Question: Does the Congress(I) suspect of you moves that may not be good for it, after your talk about realignment of forces before the elections?

Answer: I don't see any ill-will from the Congress side. It will not be proper not to feel obliged for their extending support to us. If they have extended support to us to run the government and I go on doubting their intentions, it is not fair. It is the press that creates impressions like this. This is totally unfounded, baseless and unfair.

Question: Did the Subramaniam Swamy episode come as an embarrassment to your government?

Answer: Not at all. It is not an embarrassment to the government but an embarrassment to the whole parliamentary institution. I am surprised that something which happens inside the chamber of the Speaker is reported by the newspapers and it becomes the cause of such an uproar in the house.

Question: There has been an aggressive demand for the removal of your cabinet colleagues Kalyan Singh Kalvi, for his alleged support of 'Sati', and Sanjay Singh for the criminal charges against him. Does this not embarrass you? Why do you keep them still?

Answer: This sort of ineffective aggressiveness does not make any impression upon me.

Question: You wanted to include economic criteria in the Mandal Commission reservations for the backward classes. When will you do so?

Answer: The matter is before the Supreme Court. Unless and until there is some decision, we are not going to modify anything. We want reservations to continue. How best it can be implemented is to be seen.

Question: Even if the matter is in court you can come out with a new policy.

Answer: I shall not want the matter to be withdrawn from the court because it will be taken amiss by both the sides.

Question: The IMF loan will help India tide over the problems only for a short period of time. Do you think the situation calls for a hard measure like declaration of economic emergency?

Answer: There is no need for economic emergency. We have to take corrective measures. Our economy has got a very sound base and we can build on that.

Question: You have been against IMF loans. However we have just taken one. Is it justified?

Answer: If it was not justified I would not have asked for it.

Question: You have promised that there would be no fresh taxes. But we are getting them.

Answer: I had not said that there would be no fresh taxes. The taxes that have come were known to be coming. I had only said that there would be no taxes beyond what is known to the people.

Question: The common man is concerned foremost with spiralling prices. Is there any hope of your government bringing the prices down?

Answer: I cannot say. The coming down of prices depends on a number of factors. Suppose there is a Gulf crisis tomorrow how can I predict that prices will come down? I don't make promises which are dependent on things beyond my control.

Minister Claims Government 'More Concerned About Regional Press'

91AS0587B Calcutta SUNDAY in English
26 Jan 91 pp 82-83

[Article by V. Gangadhar: "Publish and Be Damned!"; first paragraph is SUNDAY introduction]

[Excerpt] Subramaniam Swamy doesn't care for the opinion of the English Language media.

Swamy and his foes: "Off with his head," "The apology is not enough," "Call for a censure motion" were the predictable comments in the national press over the Dr Subramaniam Swamy affair where he was alleged to have threatened to arrest the Lok Sabha speaker, Rabi Ray. [sentence as published] Going over the hostile editorials and the text of the conversation between Dr

Swamy and the Speaker (scooped by THE HINDUSTAN TIMES), one wonders whether there may not be something in Swamy's statement that he was only joking with an old friend.

The two crucial sentences which caused the uproar were: "If you do so, it will be contempt of court. In that case, we will have to get you arrested" and "I have to protect the judiciary. If he commits contempt of court, I will have to get him arrested."

Now, Swamy has a reputation of putting his feet into his mouth and talking a bit too much. Yet, his statement that what happened was only some harmless chaff among friends might well be true. But he chose the wrong time and the wrong person to crack jokes and got into trouble. The hostile reaction in the press was to be expected because the media sadly lacks a sense of humour.

In two exhaustive interviews (THE HINDUSTAN TIMES magazine and SUNDAY), the irrepressible Swamy has a lot to say on the English press. While calling Arun Nehru a cheat and double crosser, he also commented on Nehru's poor track record in the commerce ministry. When SUNDAY asked him about Nehru's reputation for efficiency, Swamy retorted, "That is the power of the media. Like Mr Hegde was perceived as one of the most honest politicians in India. You media people are easily bluffed." I am not very sure of Arun Nehru, but Swamy has a point on the media projection of Hegde.

Swamy admitted that the English-speaking editors are hostile to him and his government "because the Indian English-speaking editors have this arrogance that they will decide who will be in power and who will be out of it. And that if they write harsh editorials, the politicians go running to them. The Chandra Shekhar government is the first which is far more concerned about what the regional press is saying than what the Delhi-based editors are saying."

The same theme is elaborated in THE HINDUSTAN TIMES interview. Asked about a TIMES OF INDIA report that he had sought from the former cabinet secretary, Vinod Pande, papers relating to the CBI [Central Bureau of Investigation] of investigations on the Bofors case when the Prime Minister was at the Male summit, Swamy retorted that neither he nor THE TIMES had ever discussed this issue with Pande.

"When they publish something outrageously false like this, the minimum they should do is to ring up the person concerned and check the details.... This is happening because editors have developed personal relationships with some of the officers. I regret to say that one or two editors in Delhi are unhappy that we people have come to power in spite of their opposition. They had thought that by smoking pipes and sitting among intellectuals, they were in a position to decide the fate of the country. These one or two editors have made it a fashion to write rubbish."

So Swamy has thrown the gauntlet. Will the New Delhi editors accept the challenge?

Swamy, did make, some interesting points in the interviews. Some of the CBI officers continue to be in touch with S. Gurumurthy of the INDIAN EXPRESS, the self-styled expert on Bofors. When SUNDAY asked: "Do you think our industrialists are a little too keen on raking it in at home and far less keen on exports?," Swamy's reply was: "If the minister participates in raking it in, they all rake it in. And if they know the minister means business, they will deliver." Let's wait and watch.

Gulf War Causes Delay in Midterm Poll

91AS0611A Calcutta THE STATESMAN in English
28 Jan 91 pp 1, 9

[Article by D.P. Kumar]

[Excerpts] New Delhi, Jan. 27—The first political impact of the week-long Gulf war on India is that a mid-term election, which was looming large on the horizon despite the Congress(I)'s reluctance to face it, stands automatically put off. It cannot be held at least until October or November.

The benefit of it goes to the Chandra Shekhar Government, which will be ensconced in power till almost the end of the year. This means that the atmosphere of political uncertainty that descended on the country following the November 1989 general elections, will last for at least one more year. [passage omitted]

The most important item on the agenda, as far as Mr Gandhi is concerned, is that the Congress(I) should get back the Muslim votes without losing the Hindu votes.

Neither the tough posture taken by the U.P. [Uttar Pradesh] Chief Minister, Mr Mulayam Singh Yadav, to deal with the Vishwa Hindu Parishad volunteers who wanted to force their way into the temple, nor the rather lenient way Mr Yadav dealt with the "satyagrahis," served the Congress(I)'s purpose. [passage omitted]

The shifting of Mr Yadav to the Centre would not have resolved the Congress(I)'s problem in U.P. The demand for removing Mr Yadav from Chief Ministership was ultimately given up. The Congress(I)'s dilemma in facing a mid-term poll thus continues. [passage omitted]

It is again on the issue of foreign policy and particularly in the wake of the Gulf war, that Mr Gandhi has been trying to show that he would have pursued a different policy if he were in power. Apparently, he does not approve of the policy on the war being followed by the Chandra Shekhar Government. He has enunciated his own four-point proposal for the ending of the war, which is closer to that of the Left Front than that of the Government. Mr Gandhi has launched his own "NAM [nonaligned movement] initiative" and has held consultations with leaders of not only his own party, but other

parties also including Mr V.C. Shukla, Exterior Affairs Minister. The Chandra Shekhar Government has been very slow in reacting to the Gulf war and in trying to sound other friendly countries, but Mr Gandhi obviously thinks that India has a big role to play.

While all this goes on, the frustration inside the Congress(I) has been mounting all the time. The party is in a disarray, to say the least. Two Chief Ministers—of Karnataka and Andhra Pradesh—have been replaced in a short space of time. A tremendous pressure was built on the only remaining strong man in the Congress(I) State of Maharashtra to resign, but the party High Command presumably realized at the end that it could be a signal for a disaster and thus the idea was eventually dropped and Mr Pawar was restored to his glory.

However, from the very beginning when the Congress(I) lent its support to Mr Chandra Shekhar to enable him to become Prime Minister, it has been looking askance at the idea. At the start they might have seen some merit in Mr Gandhi's offer of renunciation when he said: "The Congress(I) does not have the mandate to rule." But as days passed, the party began doubting whether it was a correct step.

Unless the situation in U.P. and Bihar improves in the Congress(I)'s favour, it is no use going to the polls. With the Gulf war and a very bad economy, Mr Gandhi is just not in a position to withdraw support to Mr Chandra Shekhar.

Mr Gandhi is going out on a "sadbhavana" tour of the country.

Initially, at the Congress(I) headquarters at 24 Akbar Road, New Delhi, party men were gleefully talking and anticipating a mid-term poll in April, and some even were talking in terms of a date for it, that is May 7. But now they are so disheartened that they think it is just not possible on May 7.

May and June are very hot months all over India. Thereafter there will be two months of the monsoon. September and half of October will go in recovery from floods in extensive or several areas of the country. In any case, October is a festival month both in the north and the south. Conceivably then, mid-term poll could take place in November.

Assam Political Parties Form New Front

91AS0614A New Delhi PATRIOT in English
24 Jan 91 p 5

[Text] Guwahati, Jan 23—Immediately after the ULFA's [United Liberation Front of Assam] call to the parties and organisations to join the struggle for self-determination, three political parties, the Indian Peoples Front (IPF), the Autonomous State Demand Committee (ASDC) and the Sanjukta Loka Parishad have formed a joint platform and chalked out an agitational programme to fight against all forms of state repression.

The Struggling Opposition Front (SOF) is the name of the new platform which has planned for a mass rally on February 25 and Assam Bandh on the first part of March, besides planning road blockade, gherao and picketing. SOF is likely to move the High Court challenging all the "black laws" currently in force in the state.

Formation of this platform has in fact left the 10-day-long 14 party alliance comprising of regional and national parties virtually dead.

The 14 party alliance comprised of CPI [Communist Party of India], Janata Dal, RCPI, SUCI, UMF, URMCA, PLP [expansions for previous five acronyms not given], Congress(S), Jansakti Sangram Parishad (JSP), Asom Jatiyo Parishad (AJP), Asom Jatiyotabadi Dal, etc., besides IPF and ASDC.

Emergence of the SOF is seen here as a significant development because all three constituents are known as pro-ULFA. While IPF's constructive ASDC which is regional body of karbi tribals is also an IPF led platform.

While the SOF believes in the right to secede from India, the IPF leaders feel they are yet to make a full assessment of ULFA's policies.

AASU Leader's Body Recovered

Meanwhile dead body of a prominent All Assam Students' Union (AASU) leader Kumud Hazarika was recovered on Monday by police in Lakhimpur District. The student leader was allegedly killed by ULFA. An arrested ULFA activist helped the police in recovery of the dead body.

The student leader Hazarika was the district executive member of AASU and president of its Bihpuria local unit. He was kidnapped on December 23 last while trying to organise women's demonstration against alleged Army atrocities in the state. Local students made an appeal to the kidnappers to release Hayarikar [as published] on humanitarian grounds.

But, according to reports, ULFA killed him on the alleged charge of campaigning against terrorism, of all kinds.

Top AASU leaders however are maintaining a conspicuous silence over the incident.

The president and the general secretary of AASU, who had toured the district to make on the spot study of the alleged Army torture on people did not visit the family of Hazarika.

However the nonchalance of the top AASU leaders has generated bitter discontentment in the district body of AASU.

Despite Army's operations, the ULFA seems to be continuing its killing of the rivals.

The intelligence wing of the Assam Police is increasingly becoming main target of ULFA. Suspected ULFA militants today gunned down one Mr P Saikia, an engineer in OIL [expansion not given] and nephew of former Chief Minister Hiteswar Saikia at Duliajan.

Papers Report on Domestic Oil Production

Strikes in Bombay Offshore

91AS0610A Madras THE HINDU in English
29 Jan 91 p 4

[Text] Bombay, Jan 28—Oil and Natural Gas Commission [ONGC] has struck oil and gas in four different structures in the Bombay Offshore. The new oil and gas strikes have been made at B-126, B-157, B-192 and B-121 structures during the last four weeks. The discovery of oil and gas in these structures would boost the prospects of Western offshore and open up the Eastern, Western and Southern areas of Bombay High for further exploration.

The B-126 structure lying between the Mukta and the Bombay High field is located 135 kms North West of Bombay. The first well of this structure was spudded on November 13, and drilled to a depth of 2,315 metres. The structure with an aerial extent of 20 sq. kms. is located in the water depth of 69 metres. The well during testing produced oil at 1,470 barrels a day. The oil column in the well has a gross thickness of more than 80 metres. The structure is estimated to have a production potential of close to one million tonnes per annum. Four additional wells have been released for delineating the structure. A task force has already been set up to projectise production as soon as possible from this structure.

Further exploration: The B-192 structure is situated 190 kms. North West of Bombay and is about 20 kms South West of the Bombay High field. The structure with an aerial extent of 18 sq. kms. is located in a water depth of 83 metres. The first well on this structure after having drilled to a depth of 2,400 metres produced oil at 1,670 barrels a day. This oil find opens up a large part of the Western Bombay High Area for further exploration.

The third structure, B-121 is located 23 kms South East of Bombay High field. The structure has an aerial extent of about 35 sq. kms and is located in a water depth of 80 metres. The well B-121-2 was drilled to a depth of 2,030 metres and during testing has produced oil at 1,488 barrels a day.

The fourth structure covering an aerial extent of about 20 sq. kms is also located very close to Bombay High field. The first well on this structure located in a water depth of 53 metres was drilled to a depth of 2,708 metres. The well during testing has produced oil at 660 barrels a day and gas at the rate of 2,55,000-2,83,000 [as printed] cubic metres a day. In addition, the condensate production ranged from 150-200 barrels a day.

Important: The oil discovery in these four structures follows close on the heels of discovery of oil and gas in good quantities of B-15A, which was also important from the viewpoint of increasing the reserves and consequently the production from Bombay offshore area. A task force has already been set up for the crash development of this structure and the Government approval will be obtained soon.

ONGC's balance recoverable oil reserves as on 1-1-91 are 696 million tonnes, of which 437 million tonnes are in Bombay offshore alone. The Bombay Offshore has been an area of intense activity by ONGC.

A number of schemes have been drawn up and submitted to the Government for approval for increasing the production from Bombay offshore. These are the development of Panna, Neelam, Mukta and L-II/L-III. As a result, the production from the Bombay offshore area is expected to increase from 21.72 million tonnes during 1989-90 to 30.155 million tonnes by 1994-95. The overall oil production by ONGC is expected to be 46.233 million tonnes by the end of the Eight Plan (1994-95).

Crude Output Hike

91AS0610B Calcutta *THE TELEGRAPH* in English
18 Jan 91 p 8

[Text] New Delhi, Jan. 17—The Centre has revised plans crude production in view of the grim oil scenario.

The government has decided to extract crude from the oilfields a to increase Panna, Neelam and Mukta for which Rs [rupees] 4,500 crores has been sanctioned. [sentence as published]

Though they will not be able to relieve the immediate shortages, these oilfields are expected to add nearly eight million tonnes of crude a year by the end of the Eighth Plan.

The Oil and Natural Gas Commission (ONGC) has currently established about 3.4 billion tonnes of oil reserves in the commercial category of which about 30 per cent are recoverable reserves. The country has so far used up only 350 million tonnes reserve of crude.

After careful examination, the ONGC has concluded that it is possible to tap about two percent of the existing geological reserves by 1994-95.

Plans are also being formulated to raise onshore oil production from the Assam shelf, Cambay Basin and Cauvery and Krishna-Godavari basins, by adopting enhanced oil recovery methods and early production systems.

These efforts are expected to raise India's crude production from the current level of 34 million tonnes to 50 million tonnes a year by the end of the Eighth Plan.

Domestic production during the past five years has stagnated at between 30 million tonnes and 34 million tonnes.

Bombay High: ONGC has also worked out detailed schemes to boost oil production from the rich Bombay High offshore oilfields in the western continental shelf by about 56.55 million tonnes and natural gas by 26.84 billion cubic metres by the year 2010.

The scheme will help increase utilisation of natural gas by an estimated 38.69 million cubic metres from Bombay High during the period. Foreign exchange saving, computed at the average international price works out to be Rs 2,966.5 crores. The Public Investment Board (PIB) has approved the further development of the reservoirs L-II and L-III in Bombay High, at a cost of Rs 3,493.41 crores.

Bombay High has been the most prolific oilfield for ONGC. The field at present is sustaining a production level of about 4,40,000 barrels a day or 21.72 million tonnes a year. The present rate of production of gas from the field is about 36 million cubic meters a day.

Bombay High is a complex containing many reservoirs like L-I, L-II, L-III and S-I and the fractured basement. Economic News Service

Lawyer Lauds Shekhar on Gulf Stand

91AS0587A Bombay *THE ILLUSTRATED WEEKLY OF INDIA* in English 25 Jan 91 pp 37-38

[Article by Ram Jethmalani: "P.M.: 'The Iraqi Attack on Israel is Unfortunate'"]

[Text] Addressing the press in Bangalore recently, Chandra Shekhar uttered a sentence which no Prime Minister of India has dared to utter ever since India became independent. Said he, "The Iraqi attack on Israel is unfortunate..."

I would have given Chandra Shekhar full marks if he had stopped with the seven pregnant words I have just quoted. Regrettably he did not. Chandra Shekhar proceeded to add the following.

"...as it escalates the Gulf war, which India does not want." These words do tend to dilute the lofty motive which I am most anxious to attribute to Chandra Shekhar.

Perhaps after all, what he meant was that if Israel does not meekly submit to the massive Iraqi assault and allow itself to be destroyed without demur, the Gulf War may last longer to the serious economic embarrassment of India.

I do not grudge Chandra Shekhar that serious concern about India's national interest, which I concede should always be paramount.

But I do not accept the cynical position that pursuit of national interest involves the jettisoning of international law and morality and the human qualities of compassion and mercy.

For too long have we subordinated foreign policy to immoral vote-catching, forgetting the soul-stirring speeches of Pandit Jawaharlal Nehru and Krishna Menon at the dawn of Independence.

Made India Proud

Addressing the United Nations General Assembly, Nehru made India proud when he made a pledge on its behalf: "Whenever there is aggression and injustice, India shall never remain mute and inactive."

Said Menon: "India repels the thesis that an aggressor can ever claim to negotiate with the victim of aggression on a footing of equality while retaining the spoils of his aggression."

By becoming a member of the United Nations, India is a party to the multinational treaty which the U.N. Charter, in truth and substance, is.

Act of Aggression

It prescribes the conditions of a just war. Any use of force outside its terms is outlawed and must normally constitute an act of aggression. The Charter has its defects and its loopholes. It may need revision and amendment. But it is binding on its members in its present form.

True, the state of Israel is involved in what is called the Palestinian problem. True, some of its actions are controversial—sometimes unduly harsh and sometimes vulnerable by the touchstone of legality.

But for that reason no state has the right to invade it and lob missiles in it or threaten to destroy it altogether.

The world community is pledged by its resolutions to protect the rights of the Palestinian people subject to Israel being ensconced inside safe and secure borders.

Israel: Gallant Nation

If only the Arab states could unequivocally and in complete good faith convince Israel that they do not seek its extinction and would allow it to survive as an independent state in the region, Israel would forego much of what has fallen into its lap, not as a result of wars of aggression, but purely defensive wars in which the aggressors and would-be destroyers were miraculously defeated by a small but gallant nation.

Chandra Shekhar's statement that the Iraqi attack on Israel is unfortunate would earn the gratitude and admiration of millions inside and outside the country including many who choose to maintain a facade of immoral silence.

Iraq's dictator is a bully and aggressor. His occupation of Kuwait is a blatant breach of international law. When

the Security Council imposed sanctions, it recognized and ruled that Saddam Hussein has committed international aggression.

Imposition of sanctions is allowed by the Charter as a legitimate reprisal against the proved crime of aggression.

On 29 November the Security Council voted 12 to 2 with two absentions authorizing all necessary measures including full scale war against Iraq if it does not vacate Kuwait by 15 January 1991.

Saddam Husayn then uttered an insane threat: "If I am attacked I will devastate Israel and burn it with my horrible weapons."

Throughout the period of crisis between July and November, the conscience of the Indian government was never quickened into action or even verbal denunciation.

A very few in India had the courage to denounce Iraqi aggression. Neither Chandra Shekhar nor Rajiv Gandhi thought of writing letters to have the Iraqi aggression vacated.

The period from November 1990 to January 1991 was fully utilized to knock sense into Saddam Husayn's head, by other world statesmen. But Saddam Husayn only repeated his somber threat of converting the conflict into a racial conflict between Jews and Muslims.

Saddam's Desperate Act

Fortunately, it appears that Saddam Husayn's capacity to attack Israel has been considerably crippled. But to sound as good as his word, he managed to drop a few missiles on nonmilitary targets in Tel Aviv and Haifa, injuring a dozen noncombatants, killing one more by heart attack and demolishing a few houses, a foolish and desperate act but still an act contrary to the laws of war.

It is a tribute to the government of Israel that it has heeded international advice and refrained from retaliation. In view of the clear threats from Iraq, a preemptive Israeli strike would have been totally within the law. After the attack, full scale retaliation would have been in order.

But it is a matter of gratitude that the Iraqi assault was too feeble to strain Israeli patience beyond breaking point.

At a public meeting in Bombay sometime last year where most Arab diplomats were present, while I roundly condemned the Iraqi aggression on Kuwait and applauded the Soviet position in frankly calling a spade a spade, I hinted that the international community has reason to be grateful to Israel for having knocked out some years ago Saddam's nuclear teeth in unilateral action which was then condemned as an instance of Israeli insolence and contempt for international opinion.

There was no audible protest from those present. Perhaps most of the Arab states are secretly happy that Saddam Husayn was prevented in good time from turning into a nuclear monster.

A Lesson for India

Israeli action of those days is a lesson for India. Rajiv Gandhi has committed India to a covenant with Pakistan that we will refrain from attacking each other's nuclear installations.

Chandra Shekhar has applauded this after becoming prime minister; but his utterances do not seem to show a very clear understanding of what is involved.

During a recent debate in the Rajya Sabha I frankly posed the question "Does the Rajiv accord bind us to refrain from attacking Pakistan's nuclear arsenal, even if it becomes evident that nuclear arms are being manufactured for offensive purposes?"

Chandra Shekhar seems to think that Prime Minister Nawaz Sharif has turned a genuine friend of India and he felt indelicate therefore to answer this question.

He just ignored it and allowed it to be buried under the debris of confusion. But the issue is of such great moment that the nation will not be satisfied with diplomatic ambiguity and circumlocution. A clear cut answer is called for.

Two Disturbing Events

Two other disturbing events deserve comment. C.R. Gharekhan, India's Permanent Representative in the United Nations, has publicly said that India will not be sending even a token military force to the Gulf in support of the U.S.-led multinational force because the force fighting Iraq is neither a U.N. force nor a peace-keeping force. What is it then?

Iraq is a great military power with impressive weaponry at its command, including chemical and bacterial arms. If Iraq is guilty of aggression in Kuwait, how will the aggression be vacated except by force?

Does Gharekhan believe that vacating of aggression is not essentially a peace-keeping operation?

When the United Nations authorize member nations to use force, how is any force assembled by the responding nations anything different from a United Nation's force?

Ran Into Rough Weather

The meeting of the major political parties called by the prime minister on 17 January 1991, to evolve a consensus on the gulf crisis, avoidably but sadly ran into rough weather.

The prime minister refreshingly refused to mix up the Palestinian issue with the aggression on Kuwait, a position earlier foreshadowed by foreign minister Shukla at a Consultative Committee meeting.

Playing Old Games

The Congress(I) played its old game of sitting on the fence. But Janata Dal and the Left parties went one step further.

They called for cessation of hostilities and resumption of peace parleys. I do not know who represented the Janata Dal or the Left parties. But as a member of the Janata Dal, I do not find this attitude either sensible or practicable..

From July to January, every possible effort was made for a peaceful resolution of the conflict. Nothing more could be done.

The dictator did not relent in the belief that the Islamic bond will come to his rescue.

Sweden Asked To Reopen Bofors Probe

91AS0612A New Delhi PATRIOT in English
26 Jan 91 p 3

[Text] India Requested the Swedish authorities to reopen the Bofors case investigations to unearth the kickbacks mystery in the Rs [rupees] 1,450 crore gun deal, well informed sources said on Friday, reports PTI.

A CBI [Central Bureau of Investigation] team comprising joint directors K. Madhavan and M.D. Sharma, which was in Stockholm a few days back, had a detailed discussion on the letter rogatory (letter of request) sent to Sweden with prosecutor Lars Ringberg, and CBI counsel in Stockholm Gunnar Berg.

India had requested Sweden to start the Bofors probe afresh in a letter rogatory handed over to the Swedish government on April 2 last year. The letter was passed on by the Swedish authorities to Mr Ringberg.

The sources said that the Swedish authorities would soon take a decision on whether to reopen the investigations. In case, the Swedish decided to accede to India's request, it could give a new turn to the gun deal probe, they said.

The CBI team had requested the Swedish authorities to legally obtain details about the Howitzer deal from Bofors as well as from the Skandinaviska Enskilda Banken in Stockholm. Bofors had allegedly made all the payments through the Stockholm bank to the secret Swiss bank accounts.

According to a report from Stockholm, the CBI team had also handed over to Mr Ringberg the secret Swiss bank papers, relating to A E Services, an accused company in the Bofors case, which were handed over to India in December last year following Swiss court orders.

Insurgency Problem in Manipur Examined

91AS0617A Calcutta THE STATESMAN in English
29-31 Jan 91

[Reports by Gautam Chaudhuri]

[29 Jan 91 p 12]

[Text] Imphal, Jan. 28.—India's relations with its neighbours have complicated the insurgency problem in

Manipur, which has common borders with Burma and easily accessible routes, to Bangladesh. The distrust between India and her neighbours is said to be the reason why both Burmese and Bangladesh Governments have decided to give open support to the insurgents to harass the Indian Government and keep it perpetually on its toes while dealing with insurgents.

Official sources believe that the situation has come as a boon to insurgent groups like the People's Liberation Army [PLA], United Liberation Front of Assam [ULFA] and the National Socialist Council of Nagaland [NSCN]. The Revolutionary People's Front's [RPF's] recent overture to Pakistan for help, which have surprised and worried all senior officials, is said to be the unmistakable evidence of the fact that these insurgent groups are intent on utilizing whatever help is available from outside, by exploiting the fast-deteriorating relations between India and her neighbours.

"The situation is serious, more so as Pakistan is being involved." It needs fast diplomatic initiatives on the part of India to improve relations with its neighbouring countries. Otherwise, these insurgent groups may be permanent thorns in our flesh," says a senior intelligence official.

For instance, Burma was so long known to be providing training and shelter to the PLA insurgents, though the Burmese Government had never admitted the charge, putting forward the excuse that the camps are set up in areas where the writ of the Government does not run. Official sources say that they are now in possession of "unmistakable proof" that the Burmese Government and the Army are now openly offering training, guidance, funds and other needed help to the insurgents to keep the Indian and the Manipur Governments worried, and hard-pressed in dealing with the insurgents.

One of the "most astounding facts," which has now come in possession of the intelligence officials, is that the PLA members had a scheduled meeting with a Burmese General in the first week of January this year to discuss "the help to be extended by the Burmese Army to wage war against the Indian Government." This is said to be the first time that a Burmese General had expressed willingness to hold such a meeting. Earlier, junior Army officers were in charge of maintaining liaison with the PLA. "This gives a serious turn to the situation," says a senior official.

Such overt attempts by the Burmese Army to help the PLA is said to have their own reasons. But all these reasons reveal the fast-deteriorating relations between India and Burma and the shrewd attempt by the RPF and PLA to capitalize on the embittered relations between the two countries.

The first reason, according to official sources, is the belief of the Burmese Government that India has circulated fake currency notes inside Burma on a large scale thus upsetting the economy and fiscal policies of the Burmese Government. Letters recovered from the PLA extremists say that the Burmese Government considers it a shattering blow to its economy since the fake currency notes were said to have been circulated to such an extent that the Burmese Government had to demonetize its currency and issue fresh notes and coins.

"This is an absolutely preposterous claim of the Burmese Government," says Mr. N. Lal, Director-General of Police, Manipur, when asked about the allegation. "This allegation is baseless and we have not so far found any evidence in support of this claim," says Mr A. Romen Singh, Superintendent of Police, Manipur.

But the Burmese Government feels irritated. It has charged the Indian Government with patronizing the pro-democracy agitators to revolt against the Government, particularly the ZOU [expansion unknown] Revolutionary Organization.

According to the sources, information elicited from the arrested PLA extremists, including Jerman, the "Foreign Secretary" of RPF, at which the PLA is the armed wing, revealed that the Burmese Government has held India singularly responsible for encouraging anti-Government groups to destabilize the Burmese Government. Reference has been made to the few Burmese tribal organizations, belonging to the Mizo ethnic stock, which the Burmese Government charged with trying to form a Government-in-exile in India in an apparent bid to uphold strongly their demand for the "accession of two bordering states of Chin and Rekhine in North-West Burma to India." The Burmese Government has also accused the Indian Government of encouraging the leaders of the semi-insurgent Burmese-Zomi Liberation Front, Burmese Zomi Students' Union and Chin Democratic Front, allowing these undercover organizations to function from India and helping these in recruiting cadres to begin "a sort of guerrilla war against Burmese Government."

The Burmese Government is also said to be very unhappy over the fact that India is providing shelter to Burmese refugees in Manipur. The Indian Government's refusal to extradite the two Burmese hijackers, who recently hijacked a Thai Airbus to Calcutta, is said to be yet another point of unhappiness of the Burmese Government.

Senior Government officials in Manipur, however, repudiate these allegations, and call them "absurd." The charges, they say, can never be substantiated by the Burmese Government and are only excuses to help the insurgent groups active in Manipur and other areas of North-East. But they point to the fact that in the event of such a Government-sponsored insurgency movement in India, the violence will be more "private in nature," with extremists resorting to a protracted guerrilla war.

[30 Jan 91 p 16]

[Text] Imphal, Jan. 29—In the largely-unexplored valley of Manipur, the Revolutionary People's Front and its army wing, the People's Liberation Army, are now engaged in chalking out strategies in a bid to destabilize the administration. They are said to be marshalling their strength in a slow but steady manner. They are also seeking outside help by ingratiating themselves with the masses and using all advantages in their favour to realize this aim.

"They are lying low but only for the present," say senior officials. The administration is said to be in the possession of very authentic information and documents which indicate clearly that this insurgent group is moving according to a well laid-out plan. "The calm prevailing here now is misleading. They are maintaining a peaceful front for strategic reasons but in fact only waiting for the opportune moment to swing into action," officials say.

In real terms, the State has never enjoyed such an uninterrupted long period of peace in recent times. The PLA, which started making its presence felt in the 70s, posed a real threat to the administration in the early 80s by ambush and hit-and-run attacks of security forces, bank looting, arms seizure and similar acts. But it suffered a series of reverses since then, which sapped its strength to a considerable extent.

The Meitei extremists, as they are called, later reorganized themselves in Bangladesh, where they went scurrying for cover and for a fresh re-thinking on their future. In May, 1989, they renamed themselves as Revolutionary People's Front, a political set up to which PLA was declared as the armed wing. The intention, according to official sources, was to portray a different picture of the organization and to convince people that the RPF is a political body having an ideological basis.

The RPF is now running a sort of Government-in-exile in Bangladesh where it has entrenched itself. I. Bhorot Singh alias Chaoren, a hardliner, is the president. It has a vice-president, a secretary general, secretaries in charge of Home, Finance, Foreign Affairs, Publicity and Communication, Social Welfare, Health and Education and three executive members. The Manipur Police were successful in arresting the "Foreign Secretary," Jerman, recently.

The armed wing of the RPF was similarly reorganized on the line of a disciplined army. The armed wing comprises four divisions—Sadar Hill west areas of valley of Manipur, Sadar Hill areas in eastern valley, entire Hill areas of Manipur and entire Imphal areas. Each division has a "commander and lieutenants, sergeants and lance corporals" in its rank. The PLA members are all said to be equipped with Chinese-made machine guns, revolvers and an array of sophisticated arms. A communication station was also set up with the help of a wireless set seized from Manipur Police some time ago. A cordless

set was also purchased from the open market. The frequency of the station is not yet known to the security forces.

While the main camp is in Bangladesh, the RPF and PLA have reportedly been allowed by the Burmese Army to set up a second camp within Burma. The Burmese Army authorities have also reportedly agreed to provide help to the RPF with regard to arms, ammunition, uniform and administrative provision for this camp when the RPF vice-president met a Burmese Army General in the first week of this month.

According to official sources, the RPF and the PLA have set up five camps in Bangladesh, at Chhotodamai, Bhanukash, Ramnagar and Nondouri with the PLA maintaining a liaison office at Sylhet. Nearly 100 PLA activists are said to be receiving regular arms training in Bangladesh. The popular routes for going to these camps from Imphal are said to be via Silchar and then through Karimganj in Assam or through Badarpur and Patharkandi, with all converging in the first camp at Chhotodamai.

The official sources claim that the PLA has already set up its first commando unit in Burma. Both the PLA and the NSCN, Khaplang group, are reportedly receiving training at Nukpa in Burma, which is nine days' journey on foot from Indo-Burma border of Longwa.

"It is an intelligent planning with an eye on the future and is being definitely masterminded by trained experts and foreign advisers. You cannot now take the RPF and the PLA as a hit-and-run body which dazzles only to fade out. They have plans to stay and continue insurgency with a sure firmness," senior officials say. The fact that the RPF has no worthy rival in the valley has made its task easier. The PREPAK [People's Revolutionary Party of Kangleipak (Imphal)] has become moribund since the death of its leader, Tulachandra Singh, in 1984 while the Kangleipak Communist Party exists only on paper. The earliest insurgent group in the valley, the United National Liberation Front [UNLF], is no longer a force to reckon with.

The fact that the RPF or the PLA has refused to be a party to the agreement reached recently between other insurgent groups like the ULFA, NSCN, Khaplang and Muivah groups and UNLF, those operating in the North-East and India-Burma regions, to help each other proves that the RPF wants to keep its identity intact. Moreover, the PLA, having trained all the ULFA activists, considers itself superior and seems not to have taken any interest in the agreement since the move was initiated by ULFA. "But that also underlines the inherent confidence of the PLA that it can survive on its own." The underlying tension between the PLA and the NSCN is yet another reason why the RPF has not as yet become a signatory to the agreement.

The administration is, however, keeping its fingers crossed. "The situation will be disconcerting to us once the RPF makes a pact with other insurgent groups"

officials say, since these groups seem to have come closer to some extent now. They are sure that the ULFA activists, now on the run owing to the Army operation against them in Assam, have not so far infiltrated into Manipur. "The ULFA belongs to Upper Assam and Manipur is not their escape route," say officials. "But they can come and seek shelter in Manipur via Jiribam if they find the heat too much on them elsewhere owing to Army action," said a senior official.

[31 Jan 91 p 16]

[Text] Imphal, Jan. 30—Even though the RPF and PLA seem to be planning a prolonged insurgency in the valley areas in the near future, the Manipur Chief Minister, Mr R.K. Ranbir Singh, feels that they can still be persuaded to eschew violence and return to the mainstream. "This is my firm belief. They are our brothers and they will give up the path of violence if approached in the correct manner," he says.

The Chief Minister admits sending emissaries to the PLA for a peaceful solution to the insurgency problem in the valley areas. "I will keep trying to bring them back to our fold," he says. He does not think that deployment of sufficient number of security forces is going to solve the problem, "though it is needed to maintain law and order."

As for the insurgency in the hills, Mr Singh thinks that the issue is linked with Nagaland. "Unless insurgency in that State is stopped, you cannot stop it in the hills of Manipur." He supports the banning of the NSCN and says that he had already requested his counterpart in Nagaland to give serious attention to the issue.

The two insurgency movements in the valley and hills are of different kinds. More so because their people do not trust each other. With both groups of the NSCN calling for a separate hill State including portions of Nagaland and Manipur, the valley people fear they might be swamped by the people of the hill areas.

"This may sound strange, but it is true. The people in the hills are protected but they can always come to the valley and settle down there. They get all the facilities of the Government's reservation policy. No land reform programme has been undertaken in the hills, while the valley is open for everyone. We may very well become virtual outsiders on our own land," a senior official regrets. "You talk of giving equal rights to the people in the hills and valley and all the 19 MLAs [Members of Legislative Assembly] from the hills will start clamouring against it. Such is their unity," says yet another senior official in the Manipur Secretariat.

To maintain and protect the rights of the valley people and to avoid being swamped by people from the hills, people look up to the RPF and PLA and not to the Government. Therein lies the strength of the Meitei extremists. Being intelligent and sensible, this insurgency group has perpetually harped on this discrimination against the valley and demanded an end to it.

Till recently, the RPF has preferred to watch the scene in silence and its activists were more involved in skirmishes with the security forces. But now they have started making efforts to ingratiate themselves with the mass. Even before the State Government could do it, the PLA had imposed a ban on sale of liquor throughout the valley. With the kind of reputation and fear psychosis associated with the PLA, all liquor shops were closed down and remain so till now. Even illicit brewing of liquor had come to a stop. They have also started a crusade against drug trafficking. "These were clever ploys to come closer to the people and they succeeded totally," says an intelligence official.

The Chief Minister, however, refuses to admit that this indicates that the PLA is running a sort of parallel administration in the State. He says that the State Government has also announced its decision to close the liquor shops from April this year. "We could have done it sooner, but there were legal hurdles in the way." He admits that the PLA had stolen a march over the Government in this regard, "but it need not be taken too seriously."

The "regional sentiments" voiced by the RPF and PLA have also been able to generate popular support. In fact their reservation to the "merger" of Manipur with India after Independence and the way the Centre has failed to maintain the social, cultural, economic and religious heritages of the State, and their demand that the fertile Kabaw which is said to have been given over to Burma by Jawaharlal Nehru, be restored to Manipur find echoes in the manifesto of established political parties like the Manipur People's Party and the Congress(I) here.

The total lack of economic development in the State has also helped the PLA to gain popular support. The Chief Minister blames the Centre for this. "Till the Sixth Plan, the Centre had invested a mere Rs [rupees] 150 crores in the State," he says. The local intelligentsia feels that whatever was given to the State had been frittered away by corrupt administration through the past years. Both corruption and nepotism have struck roots in the administration. "No one believes that I got the job on merit," regrets a senior police official.

The Chief Minister admits that poverty and lack of economic growth of Manipur have been mainly responsible for the rise of insurgency movements. He explains that the State has no resources of its own and its total dependence on the Centre has brought about such a situation. "People here do not know what tap water is," regrets an official. The Chief Minister wonders why no public sector undertaking has set up any project here. Officials, however, say that the State has enough resources to meet its economic needs. According to a rough official estimate, about 60 of every 100 persons have to live without enough food, clothing, shelter, education and jobs. The number of registered educated unemployed currently stands at about 300,000.

"The situation is appropriate for the insurgent groups to thrive. They are only expression of the people's disenchantment with the Government and administration," say officials. It is widely felt by all concerned, including the Chief Minister himself, that unless the State can make a turnaround in economic growth and solve the problem of increasing unemployment, the insurgency problem will never be solved.

Reportage on Republic Day Observance

President's Speech to Nation

91AS0613A Madras *THE HINDU* in English
26 Jan 91 p 7

[Text] New Delhi, Jan. 25—The following is the text of the President, Mr. R. Venkataraman's address to the nation.

Friends,

Tomorrow, we will be celebrating our 42nd Republic Day. On this auspicious occasion, I extend my cordial felicitations to all fellow citizens, living in India and abroad. This is a deeply cherished anniversary. The nation remembers today the Father of the Nation, Mahatma Gandhi, our first President, Dr. Rajendra Prasad, our beloved first Prime Minister, Jawaharlal Nehru and the indomitable Sardar Vallabhbhai Patel, who, as Deputy Prime Minister, welded the hundreds of different princely States together with the rest of India.

An occasion such as our Republic Day affords an opportunity to us to introspect and examine the state of our democracy's health. Today, four decades and more after our Constitution was adopted, we will have to admit that the democratic temper in our country is under stress. Respect for other points of view, patience, forbearance and accommodation—which are the very essence of democracy—are at a discount.

Rancour, recrimination and a readiness to give and take offence are edging out the spirit of friendliness, courtesy and mutual regard for each other. Some of the utterances of rival political parties, give the impression that they are no longer competitors in the endeavour to serve the nation but are bitter enemies drawn in battle array.

Even the most contentious cases in courts of law do not leave bitterness behind among the counsel representing the litigants.

First corrective: The same spirit prevails in the legislatures of mature democracies where heated debates in the House do not engender bitterness among the legislators. I am of the view that the first corrective we have to apply to our conduct in legislatures is to restore cordiality, friendliness and mutual respect among political parties. Audi alterum partem hear the other side is the elementary principle of natural justice. Legislatures more than any other institution should respect the principle

because members have received a mandate from the people to put forward, within well defined limits, their views before the nation.

Any attempt to deny this right by whatsoever method, is an affront to the nation. Besides, the nation is entitled to know the pros and cons of an issue and to deprive it of information by intolerance of the other point of view is the negation of democracy.

I would like to make a fervent appeal to the legislatures to practise the art of healthy debate on national issues and problems. In particular greater attention needs to be paid to the legislative business before the House.

Parliamentary democracy in India has been going through a process of change. For a little over one year now the phenomenon of party enjoying a comfortable majority at the Centre has been replaced by a different configuration. An outmoded political vocabulary describes the post-1959 Lok Sabha as a hung Parliament.

No need for dismay: Brought up in the purely Westminster model some political analysts have been dismayed by the fact that instead of the conventional bipolarity with some "fringe" parties at the outer periphery, we now have in our Parliament a many-hued spectrum. There is, in my view, no need for dismay on this score. Numerous examples can be cited of minority or coalition governments working with stability and success in different parts of the globe.

We in India may have to adapt ourselves to such a situation if it arises and learn to work together in the common cause, shedding in the process, rigid party positions. In a multi-party political system, we may not be able to avoid coalition Governments in the interest of the nation.

Yet there is a great deal of mental resistance to this concept, springing from the past familiarity with a two party system. It is time serious thought is directed towards the evolving patterns of our polity.

It is equally important for us to remember that in a democracy, a simultaneous responsibility rests with us, the people. Citizenship is a bond between the people and the State. It is for this reason that our Constitution provides for both fundamental rights and fundamental duties.

Unfortunately, the air today is thick with the claims and counterclaims of rights. Different strata of our society seem to be worked up about what they perceive as wrongs done to them, all the while forgetting that they themselves may be in the wrong.

Slogans and not conversation have become the normal mode of dialogue, agitation not discussion, marks the relationship between different groups. We must not forget that Gandhiji resorted to satyagraha only as a last resort after all other means had failed. And even when he did so, he was prepared to suspend or give it up at the first sign of accommodation.

Partnership: And let us not forget that with him satya came before aagraha. We now seem to have more of aagraha than its noble prefix. I would like to take the opportunity to appeal to all fellow men to look upon citizenship as a partnership which confers benefits only if each citizen contributes his share to the common good of society.

The responsibility of protecting and preserving democracy lies with the citizens. In the ultimate analysis it is they who determine who should administer the country and how. If they are swayed away from this path of duty by violence, corruption or frenzy, they will be striking at the very root of democracy.

It is the duty of the Government, political parties and the people, to ensure that the true will of the people is reflected in the legislatures by free and fair elections.

Financial difficulties: I would like to take this opportunity to share with you my deep concern regarding the state of our nation's financial health. The scourge of inflation has made life for the middle classes and the weaker sections a daily travail.

Government's resources have been inelastic, while its expenditure has been galloping. To add to the difficulty, the oil crisis has worsened the situation. All these have caused acute financial stringency.

The inadequate resources should not however slow down development programmes nor should our national safety and security be denied. Under the circumstances the need for eliminating all avoidable public expenditure becomes paramount. Government must critically examine every item of expenditure and effect the utmost economy.

In addition, our expenditure on oil import will create a crushing burden on the entire nation. Shortages of essential commodities like diesel and kerosene will affect rural life adversely. The need for mobilising additional resources is therefore unavoidable.

I feel that raising additional resources through the budget, should be supplemented by voluntary contributions from patriotic citizens to help the nation tide over the present crisis. There can be no greater philanthropy than lending a hand of succour to the nation at its hour of crisis.

Government may therefore constitute a National Reconstruction Fund and accept voluntary contributions for the purpose of sustaining developmental activities. I would make an earnest appeal to all our countrymen within and outside the country to make substantial contributions to the fund so that our pace of progress may be maintained even during the severe financial crunch.

I know this is not easy in a situation where salaries are more or less static and the cost of living is rising but I am

sure the spirit of sacrifice which has always manifested itself in times of need, will not be found wanting amidst us at this critical juncture.

Let us remind ourselves of the fact that during the wars forced on us in 1962, 1965 and 1971 the people of India rose most decisively to the occasion and made handsome voluntary contributions. I am sure in the present war on our economic ills, they will make the same response.

Friends, the overall law and order situation in some parts of the country has continued to cause us anxiety. The activities of terrorists in the States of Jammu and Kashmir and in Punjab cause us continuing anguish. Innocent men, women and children are being menaced by terrorists almost daily in Punjab. Many, in the course of official duty, have been picked out and assassinated.

They have become martyrs in the cause of India's unity but their families have suffered irreparable losses, and immeasurable grief.

Though nothing by way of compensation can make up for the void created in their lives, it is the duty of the Government to extend all assistance to the victim of terrorism on a priority basis. But, despite all provocations, the people of India must maintain peace.

Provocation, retaliation, or revenge are not the answers to the problem. The path of violence has never achieved tranquillity in any age or time.

The personifications of love and compassion such as the Buddha, Mahavir, Adi Sankara, Kabir and Nanak are our common legacy.

I take special pleasure in extending our greetings to our defence forces whose vigil on our borders upholds our sovereignty and ensures our economic development. The flag which will go up tomorrow is the emblem of the nation. Let us all stand united as one man under this banner. May this flag shower benediction on all of us and lead us forward towards a millenium of peace and prosperity. Jai Hind.—UNI

Report on Parade

91AS0613B Madras *THE HINDU* in English
28 Jan 91 p 2

[Text] New Delhi, Jan. 26—The country displayed its armed might on the occasion of the Republic Day. The events in the Gulf cast their shadow in more ways than one. The march past was curtailed to save fuel and the armoured and vehicular columns too were reduced for the purpose. More important were the questions that came to mind regarding the quality of the equipment that was paraded in the background of the emerging "high-tech" battlefield. For this reason, it was somewhat disquieting that the only "new" equipment displayed was a radio-electronic combat truck which mounts equipment for direction-finding and monitoring enemy radio activity, and a small hand-held anti-aircraft missile.

SOUTH ASIA

Indian analysts are keenly watching the events in the Gulf to see how the T-72M, the OSA-AK, the Strela-10M and the Pechora, all of which are in Iraqi service, perform against the multi-national coalition's "high-tech" blitz.

The Vijayanta tanks displayed in the lead column were another reminder of the care needed in making proper technological choices when entering into licenced production. The tank made from an original Vickers licence has been somewhat of a washout for the Indian Army. Its engine has been prone to dust ingestion and its under-powered engine has made it unsuitable for the battlefield. For this reason the tank has been used sparingly in combat. Unfortunately India has these tanks in large numbers and a project for upgrading them is stuck somewhere in the files of South Block.

Source of danger: The Soviet-designed T-72M tanks displayed in the parade by a contingent of the 66 Armoured Rgt. is the main battle-tank of the Indian Army. Low-profile and agile, it has a massive punch in the form of a 125mm gun. However, compared to the modern M1A1 and Leopard II, the tank may be somewhat less sophisticated. For example, its infra-red searchlight is obsolete and a potential source of danger since it "illuminates" the vehicle to an adversary. The more modern tanks have the ability to fire on the move, apart from possessing passive night-vision equipment. While at present the T-72M can handle any threat in the environment, any induction of the M1A1 could tilt the technological balance.

The 130mm Catapult self-propelled gun displayed today marks the greatest Indian weakness. The Catapult is an interim solution-hoisting the 130mm field gun onto a Vijayanta chassis. It is reported to have poor field handling qualities.

Two other items on display, the Soviet-made OSA-AK or SA-8B medium-range mobile SAM and the Strela-10M are the recent acquisitions. They are designed to provide autonomous air defence for armoured formations. The OSA-AK is a Mach-2 missile carried six abreast in a tracked vehicle with its own search and fire-control radar which can engage aircraft 12 km away. The Strela 10M, also mounted on a tracked vehicle, provides protection below the envelope of the OSA-AK. It uses infra-red homing to attack low-flying aircraft.

Modern gun: The artillery component of the march were the FH-77B 155 mm howitzers made by Bofors. The highly accurate gun is as modern as any in the world and may be somewhat of an anachronism in reverse when compared to the relatively dated equipment of the 1960s and 1970s in the armoury. Its modern survey equipment, for example, allows it to be deployed and redeployed with great rapidity. The inertial navigation equipment and computer assists this process. Older equipment such as the 122mm BM-21 rocket launchers and for that

matter Iraq's Scud missile batteries have to use theodolites to establish their positions. This takes time and makes them vulnerable to a strike.

The BM-21 multiple-barrelled rocket launcher mounted on a truck, has a formidable lineage and its modern versions are the Brazilian-made ASTROS-I and II systems that Iraq has got or the MBAL that the US fields. India is making a 223 mm Multiple Launch Rocket System called Pinaka and the Armament Research Development Laboratory in Pune is now working to complete the project. The Pinaka will carry a 100 kg warhead 45 km and beyond while the BM-21's six kg warhead goes up to 21 km.

The artillery also showed another Bofors product. The 40mm L-70 anti-aircraft cannon now modernised with the use of the Dutch-made Fly-catcher radar is the standard "pom-pom" gun which has refused to go out of style in the era of missiles. The Flycatcher which will also be used by the Trishul SAM provides the gun with significant fire-control capabilities.

Other support equipment displayed were those used by the combat engineers—the combat engineer tractor which is armoured and is used to construct routes and assist in bridge laying, the PMS bridge system mounted in vehicles, and tank trawls which must precede any assault and use its flails to blow up the mines. The BMP-II infantry combat vehicles is another important arm of the Indian combat formations. It is essential for the fast movement of the armoured formation and provides the infantry a measure of protection in the battlefield.

Missile boat: The Navy displayed a model of the INS Vibhuti which is a modified 'Tarantul'-class missile boat designed by the Soviets and built under licence in India. The gas-turbine engines give it an incredible speed of 65 kmph. and its systems are highly modern. Its anti-ship missiles make it a formidable system.

Another model was that of the INS Shalki, a class 209 Type 1500 submarine licence-built at the Mazagaon Docks Ltd., Bombay. The third model, the INS Kuthar is the pride of the Indian Navy since it has been designed and built in India. It is equipped with Soviet-designed and built weapons systems and Indian electronics and sonar.

For its part the Indian Air Force [IAF] displayed the Mig-27M, a deep-strike aircraft with a variety of sensors and armament. It has a high speed and its swing-wing capabilities are useful in its role. The other aircraft was the Mirage 2000 which is a good fighter with a capable long-range radar. The IAF also displayed a trailer with a variety of armament such as the rocket pods, anti-tank guided missiles (Shtrum), Super 530D missile, laser guided missiles (X-29L), TV guided missiles (X-29T), cluster bombs and 1,000 kg laser guided bombs.

The IAF displayed a hand-held anti-aircraft missile made by the Soviets called the IGLA-1M. Coming in at

the end were an old perennial, the Pechora surface-to-air missiles. These missiles too are part of the Iraqi armoury. There have been reports of its ineffectiveness. They have been in service in the Soviet Union since 1961 and therefore it is quite likely that many of its features are obsolete. There would have been modernisation of the missile electronics since the original product was inducted.

PAKISTAN

Electoral System Reviewed

Reform Considered

91AS0511A Lahore VIEWPOINT in English
17 Jan 91 pp 5-6

[Text] The pattern set during the general election of 24-27 October 1990 has been maintained with considerable success in the recent by-elections. The style of electioneering was familiar, with uninhibited administrative help for the ruling party, use of the carrot-and-stick strategy, and sustained ministerial pressure against Opposition parties and dissidents. Yet, despite its well-planned effort, the IJI [Islamic Jamhoori Ittehad] lost three seats that it had won last year. To make sure of overall victory in the Punjab, the proceedings began with the supposedly voluntary withdrawal of three PDA [People's Democratic Alliance] candidates in the Sialkot-Narowal region and one elsewhere, and the consequent return unopposed of the ruling party's nominees. The crucial Muzaffargarh seat, where all Opposition parties and COP [Comined Opposition Party] leaders had come together to support Nawabzada Nasrullah Khan, was again lost by the venerable politician. The Nawabzada and his supporters have said that his defeat was engineered by manipulation and large-scale rigging. Similar complaints have been received from other constituencies in the Punjab, although the people's indifference to the polls had anyhow reduced the voter turnout to what some observers consider was the lowest-ever level, whatever the figures registered officially.

While the by-elections in Balochistan and the NWFP [North-West Frontier Province] seem to have been fairly orderly, as before Sindh took the lead in shattering the image of a normal election—even by the poor Pakistani standards. Scores of PPP [Pakistan People's Party] leaders and activists were arrested as they set out to canvass for party candidates, some were released but many of them have been detained under draconian laws against which redress is extremely slow even when it is available. Details are slowly becoming available of how polling stations were taken over by the Sindh Chief Minister's men and the PDA's representatives were thrown out; in some places brute force was used to clear the arena. Complaints made to the police or election officials were ignored with disdain. All this makes a complete mockery of democratic elections. Although the Election Commission has certified that the by-elections were conducted with complete impartiality, the claim

will get little credence among people who have seen for themselves that the elections have, once again, been managed in the interest of the ruling party wherever it was possible to do so.

Apart from the many other grave ill-effects of playing such devious electoral games, quite understandably the people have begun to lose faith in the electoral process. They feel that under the prevailing system the election results do not offer a true reflection of the people's political will. This is due, in the first place, to direct interference by the administration and its many minions. At different stages of the journey that takes a voter to the ballot box—the delimitation of constituencies, the preparation of voters' lists, the obtaining of identity cards, the setting up of polling stations, the appointment of presiding or polling officers, the maintenance of law and order—the dice is loaded heavily against those who are personae non grata with the Establishment. This is not all. Money, big money, is used to pervert the polls.

It is estimated that in last year's elections, the average expenditure in many rural constituencies in the Punjab ranged between Rs [rupees] 20-30 lakh, and where the contestants were more affluent the figure went beyond one crore. The rotten tradition established during the Zia period, when non-party elections were favoured, was not challenged in 1988 because no real effort was made to politicise the polls; and with the Care-taker regime the political corruption was institutionalised by diverting public expenditure to electoral purposes and encouraging the purchase of votes directly or through the managers of vote banks.

While these conditions drive the cynics to denigrate the whole democratic process, and the easily fatigued publicists seek refuge in political nostrums that can lead them to tolerance of authoritarianism, many concerned citizens are engaged in a search for realistic remedies for our chronic maladies. A change favoured by many is that votes should be cast for political parties, not for individual candidates, and seats allocated on the basis of proportionate representation. This system has some advantage; it is in use in many countries and can be modified to ensure that it does not lead to ministerial instability through the unmanageable proliferation of political parties in parliament. Other proposals have also been placed on the anvil, and a serious debate should be encouraged in all forums. Whatever the pros and cons of any particular system, it must be accepted by everyone that electoral reforms in Pakistan are vital if democracy is to become meaningful.

Among a host of other factors, the elimination of two evils deserves the highest priority. First, it is obvious that whatever the system agreed upon, it can always be corroded by the power of money. More than ever before, in recent elections, Government funds have been utilized to influence the voters, and lavish personal expenditure, many times what is permissible under the law, helped to destroy the sanctity of the poll. To some extent, this happens in other countries also, although nowhere

have elections been commercialised as in Pakistan since the innovation of non-party polls was introduced. In the United States, for example, where elections are also becoming more and more expensive, a group of scholars has recommended that all election expenses should be met by the State under strict regulations, so that the element of bribery can be eliminated and the non-affluent citizen can also exercise his constitutional right to seek membership of the legislature. The beneficiaries of what is certainly the ugliest feature of Pakistani politics may try to underplay its sinister effects and even justify it by talking lightly about the re-distribution of wealth thereby affected. The truth must be faced that unless such naked political corruption can be exorcised, democracy will never flourish in Pakistan—and it may not survive.

Then, above all else, it is essential that elections should be seen as a purely political exercise. All electioneering must be politicized and kept free of factional, caste or sectarian rivalries that are always used to serve personal ambitions. Experience shows that violence is encouraged when the basic motivations are non-political, since harsh polemics resulting from sharp confessional differences create high tensions. The assassination of a JUI [Jamiati-Ulema-i-Islam] MNA [Member of National Assembly] during the polls in Jhang, preceded and followed by other killings, provides an example of what should not be allowed to happen. Obviously, such vendettas would be far less likely if non-political factors had not been given such precedence in electoral contests over the last decade. The main responsibility for bringing about much-needed change lies with political parties whose leaders must accept that the people should be permitted to make their choice on the basis of the political or socio-economic programmes presented by different parties, so that they are not influenced either by money or through the promotion of religious or sectarian divisions. An earnest effort should be made to build a consensus on this point among all democratic parties. Then, wherever necessary, the Constitution and other relevant laws should be amended in order to provide for safeguards against political corruption and perversion of the political system in the name of religious dogma.

PDA Calls for Changes

91AS0511B Lahore VIEWPOINT in English
17 Jan 91 pp 15-16

[Text] The People's Democratic Alliance [PDA] has called for changes in the election laws and reconstitution of the Election Commission in consultation with the Opposition to ensure impartiality of the election machinery and to obviate the possibility of rigging in future elections.

The demand was made at a meeting of the PDA's Central Coordination Committee under the chairmanship of Malik Muhammad Qasim last Friday. PPP [Pakistan People's Party] leader Ms Benazir Bhutto, president of the Tehrik-i-Istiqlal, Air Marshal (Retd)

Asghar Khan, TNFJ [Tehrik Nifaz-e-Fiaq Jafria—Movement for the Enforcement of Shiite Faith] leader Allama Sajid Husain Naqvi and the PDA Secretary-General, Mr Khurshid Mehmud Kasuri, participated along with a number of other leaders of the alliance.

The PDA Secretary General told newsmen later that the alliance had demanded that the Leader of the House should hold talks with the Leader of the Opposition and heads of parliamentary parties in the National Assembly for selection of a new Chief Election Commissioner, new Members of the Election Commission and other officials. With fresh appointments, in consultation with the Opposition, nobody would be able to raise a finger on the impartiality of the election machinery as well as the fairness of the elections, Mr Kasuri said.

The PDA accused the IJI [Islamic Jamhoori Ittehad] Government of having rigged Thursday's by-elections by using Government resources and public money. The IJI, in fact, had repeated its performance of the general elections, he emphasised.

The PDA leadership decided to defer the expansion of the alliance till its organisation at the district levels. Necessary steps in this regard would be taken soon, the PDA Secretary-General said.

The Alliance decided in principle to participate in the local bodies elections, likely to be held later this year. PDA MNAs [Members of National Assembly], MPAs [Members of Provincial Assembly] and runners-up in various constituencies have been empowered to select candidates for the local elections.

The white paper on the irregularities committed in the October elections, Mr Kasuri said, was being prepared and it would be published soon.

The meeting expressed grave concern over the murder of Maulana Esarul Qasmi and Aqai Sadiq Ganji, former Iranian Culture Centre chief. The Government, it said, had failed to maintain law and order in the country and it was because of its failure that dacoities, murders and general lawlessness had become the order of the day.

Calling for the arrest of the killers in both cases, the PDA leaders also called upon the Government to take effective measures to protect the life and honour of the people.

Others who participated in the meeting included Sardar Farooq Ahmed Khan Leghari, Syed Iqbal Haider, Aftab Ahmed Khan Sherpao, Fakhr Zaman, Begum Mehnaz Rafi, Malik Hakimeen Khan, Jehangir Badr, Syed Kabir Ali Wasti, Saif Ullah Saif, Mukhtar Ali Kanhorvi, Malik Hamid Sarfraz, Omar Asghar Khan and Syed Maqsood Shah.

'PR' Recommended

91AS0511C Lahore *VIEWPOINT* in English
17 Jan 91 pp 29-31

[Article by Zafaryab Ahmed; first paragraph is *VIEWPOINT* introduction]

[Text] *VIEWPOINT* takes a look this week at the electoral system in the country and whether there is need for change. Leaders of public opinion interviewed for the purpose, Mr S.M. Zafar, Mr Khurshid Mahmud Kasuri, Dr Sher Afghan, all tend to favour the system of proportional representation [PR] though they are not certain in what shape. And whether proportional representation will eradicate electoral malpractices such as vote-purchase, bogus voting or plain rigging in a society corrupted to the core mainly by Gen Zia's partyless elections in 1985 is a question easier asked than answered. Zafaryab Ahmed starts off with a definition of the system of proportional representation and the various forms it can take and then talks to Mr S.M. Zafar.

Our electoral system is infested by a variety of malpractices. Impersonation, double voting, purchase of ID cards, threats, blackmail, to mention a few acts of commission at the local level. At the national level, open preference and support of the Establishment for a certain group. Then, the elections have become so expensive that no ordinary mortal, however qualified, can think of contesting. Money rules supreme and it is only the moneyed who contest and often those with more money win.

Confused

The ordinary citizen is confused. Rigging has been refined to the level of a fine art. The mood in the by-elections was that of cynicism both about the present and the future. What else could it be when attempts ostensibly aimed at eradicating one evil finds were indeed cover for a bigger plot. The campaign against horse-trading ended with what some describe as the President's permission for 'horse-grazing' and the passage of an Ordinance against defection. The Establishment has a rationale not only for all that it does, but also for what happens to the others. The IJI's [Islamic Jamhoori Ittehad] victory in the general elections was secured because of the one-to-one contest, the assumption being that the nine parties put together had a bigger electoral base. The same principle was, however, flouted while manipulating Nawabzada Nasrullah Khan's defeat. The veteran politician had the support of the entire opposition and of some components of the IJI as well.

After the former Caretaker Prime Minister Ghulam Mustafa Jatoi's revelation about planning the defeat of certain candidates whom certain individuals in the Establishment did not want to win, there is little doubt left in most minds that the PDA's [People's Democratic Alliance] allegation of mass-scale rigging is substantially true.

The credibility of the electoral process seems to have been eroded. The man in the street is convinced that even through the electoral process it is not possible to form a government without the blessings of the Establishment. Instead of integrating the people into the political process, elections in Pakistan have led to their further alienation.

Unprecedented

The malaise that afflicts our body politic, however, is neither new nor unique but the size and scale of it in 1990 was unprecedented. What is definitely unique is the way one side was allowed to use official machinery and public money.

To check manipulation, political parties and individuals who have still not lost faith in the electoral process, have demanded changes in the rules of the game. It appears that these people believe that by changing some electoral rules or the system as a whole, manipulation can be checked. Some political parties have well-defined positions on the issue while others are trying to formulate one. Those demanding a change in the rules, seem to be in favour of the system of proportional representation. Most of the political parties, however, still believe that the majority system should be given a try.

The debate on shifting over to the system of proportional representation [PR] is not a post-electoral phenomenon. The PPP [Pakistan People's Party] in its original Party manifesto had proposed a change-over to that system. During Ms Benazir Bhutto's days in government, no one less a person than the Speaker of the National Assembly prescribed it as panacea for the nation's political ills. The Jamaat-i-Islami endorsed the idea and a couple of Senators and some others wrote in favour of the PR system.

The argument in favour of the PR system is that it will provide an opportunity to all political interests in the assembly. Recently, Rao Rashid, in a lengthy article in one of the local English language newspapers, argued in favour of the system of proportional representation. While supporting the parliamentary form of government against the presidential form—which he says is also on the cards—he argues that it is the 'mode of election which should be changed' because in his opinion, the prevalent (majority) system has "condemned itself by throwing up people like Ashiq Diyal, Humayun Akhtar and Ejazul Haq and rejecting Malik Meraj Khalid, Nawabzada Nasrullah Khan, Wali Khan..."

Role of Money

Later, while talking about the role of money—legal or illegal—he mentions people like Ayub Afridi and Chowdry Nazir. Then, recounting the textbook demerits of the system in which the winner takes all, the Rao says, "it does not reflect the true mandate of our electorate." Should this be taken to mean that people like Ashiq Diyal wouldn't make it to the assemblies under the PR system? Rao Rashid wants to "reverse the pernicious trend of commercialism and debasement of the election process,

and infuse larger economic and social issues in the election programme so that the people vote for the parties which appear to be able to articulate their aspirations, focus on the problems facing the country, and offer workable solutions for them rather than for individuals who have money or who are hereditary feudal lords or pirs of the area, or who offer to repair a nali here and a mori there." He feels that the solution lies in some form of proportional representation.

These are all very noble ideals. But we are not talking of a society which has overcome the problems of *nali-mor-siyasat* and in which merit has become the sole criterion for advancement in life or of an order in which the basic needs of the majority of the population have been met and human beings are concerned with much higher and noble aims. The question at the moment is: can the interference of the Establishment which, with all the apparatus and resources of the State at its disposal can manipulate the electoral results in its own favour, be checked? Rao Rashid does not address this issue at all. The system of proportional representation is not an electoral system as such. It is a method of representation, rather the most complex one, evolved to minimise the wastage of votes by the 19th century political philosophers who preferred mathematical precision in all political dealings. The maximum that it can offer is the probability of representation to the minority which often goes unrepresented. The PR system, particularly in a society like ours, has greater limitations than the advantages that it can provide. It is practised in some countries of the West and is considered to be a better system. To replicate it in any of its forms in Pakistan and expect the same kind of results will be unrealistic.

Two Categories

The PR system can be divided into two broad categories. It is assumed to produce a more proportional relationship between votes and seats. There is very little likelihood of one party obtaining majority seats—the Justice Party in Turkey managed a majority in 1952 and the Labour Party in Norway in 1945 and 1961. There is no one-to-one link between the MP and the constituency. The first is the list system in which the vote is cast for a party list of candidates, though the elector can also express support for individual candidates on the list. The seats are distributed in proportion to votes cast for each party. It is practised in Italy, Norway, Switzerland and some other countries with certain modifications. In West Germany, half the MP's are elected from the party list while the other half are elected from single-member constituencies. This additional member system aims at retaining the MP-constituency link while still producing a proportional outcome. A party has to secure 5 per cent of the party list votes or win three directly elected seats before any candidates from its list are elected.

The STV System

The other is the Single Transferable Vote (STV) system in which a voter has more than one choice and he can

rank candidates from a list. Any candidate over the quota on first preference is elected and the surplus votes are transferred to the voter's second choice. If no candidate reaches the quota mark, the bottom candidate is eliminated and his votes are also transferred. The procedure continues till all seats are filled. It is practiced in the Irish Republic, Malta and some other countries partially or with some modifications.

Proportional representation is best suited to large multi-member constituencies. Its chief advantage is that it makes more accurate parliamentary representation possible. Taking the premise of proportional representation to its logical conclusion would imply viewing the whole country as a single constituency, as in Israel, Monaco, or the Netherlands. A less extreme version is the method used in Norway where the country is divided into 20 parliamentary constituencies, or Sweden with 28 constituencies, or Denmark with 23 districts or Italy with 32 areas.

The system undoubtedly produces a more accurate representation of electoral divisions, and ensures some representation to minority groups. It is not suited to countries badly split on religious and ethnic lines. They inevitably produce or perpetuate a multi-party system with possible undesirable consequences for stable and effective government, prevent the development of disciplined parties, encourage factionalism, frequent and temporary party alliances. It is argued that one of the reasons for the success of the Nazi party in Germany was the German PR system which in 1930 allowed 35 national party lists including those of the People's Bloc of Inflation Victims, and the Vital Interests of the Celibates. Under the PR system, it is always possible that a small group emerges holding the balance of political power. Imagine, for instance, the MQM or a similar organisation coming to enjoy such a leverage in Pakistan.

The mode of elections in vogue in Pakistan—the simple majority system based on geographical constituencies—in which the candidate with a plurality of votes wins in comparison with the PR system is seen to be mathematically inequitable. It is always possible that a candidate wins by minority votes cast for various political parties in a constituency; a legislative majority may represent a minority of the electorate; a relatively small change in electoral opinion may produce a far greater proportional change in the distribution of seats; a voter favouring a small party or a party with no candidate in his constituency faces a dilemma and so on.

In contradistinction, the PR system is better than the majority system. But a situation arises when the system in vogue, after having been used in full, has outlived its usefulness and needs certain improvements. One may argue that Pakistani society, too, has undergone changes but the problem here is not that of an adequate system of representation. More than a change in the electoral system, we require a change of attitude. An electoral system is a means to an end not an end in itself. Its value

must be seen in the perspective of the overall sociopolitical system in vogue in a given society in a given period of time.

The purpose of democracy being to represent in the assembly, as far as possible, the strength of a political party's is proportionate to its electoral strength. The system practised in Pakistan, it has been found, does not actually represent the voting strength of a political party.

S.M. Zafar

This correspondent talked to Mr S.M. Zafar, the noted jurist to elicit his views on the subject. "When the country faces political polarisation and has political parties with sharp ideological differences or with differences which have roots in its social structure, the best form of electoral system to my mind is one based on proportionate representation," said S.M. Zafar, who is also a member of the IJI's Constitutional Committee. He seemed to see it as a device to reduce polarisation in the society.

"Society was not as polarised as it is today before 1970. Ever since then, the country has been polarised and sub-polarised. For the first time in that fateful year, populist vote was caste. There is a feeling that we should change our electoral system.

It was for the first time, said Mr Zafar, that Gen Ziaul Haq thought of introducing the system of proportional representation when he promised the first election in November 1979. Before that, he had constituted a commission consisting of Mr Justice Hamoodur Rehman, Mr Justice Maulvi Mushtaq Husain, who were at the time the Chief Election Commissioner and the Chief Justice of Pakistan. He sent them abroad—to Germany, Sweden, Norway, Sri Lanka and some other countries—to study their electoral systems. The Commission recommended the system of proportional representation with some modifications. Based on the recommendations of the Commission, Gen Zia promulgated a law, the National and Provincial Assemblies (Proportional Representation) Order of 1979. This law provided that the 1979 elections would be held on the basis of proportional representation.

A meeting of the PNA was held in Islamabad immediately after the promulgation of the law. Surprisingly, member parties in the Pakistan National Alliance (PNA) were averse to this law. Mr Zafar had studied the law and was familiar with the PR system. He argued for more than an hour in favour of the law. He was of the opinion that with the level of polarisation obtaining in the country, it was essential to have a correct reflection in the National Assembly of the views of the entire nation and proportional representation was the way by which it could be achieved.

Despite the fact it was going to be a new system, it had all the democratic ingredients. It was after that the Jamaat-i-Islami picked it up and made it a part of its political programme.

Could the PR system lead to the elimination of electoral malpractices such as rigging? Mr S.M. Zafar was asked.

He replied: "If we are discussing this in the background of rigging, that is something which is going to plague both the systems and our discussion will become somewhat irrelevant. We have to discuss whether proportional representation is good for the country or not."

In the 1990 elections, he said, by making it a one-to-one contest, something was achieved which was otherwise a characteristic of the PR system. But this was done through the formation of an alliance of several parties opposed to the PPP. Some of the political parties within the alliance may not be entitled to the number of seats which they were able to get because of the alliance. "I am sure that had the elections been held under proportional representation, they wouldn't have bagged as many seats as they did. However, in this election, because of the one-to-one contests, the PPP was not able to get a majority in the assembly," Mr Zafar said. The People's Party might as well have got more seats under proportional representation, he added.

The PR system does not provide for a stable government. He was asked to comment.

"There is no perfect political system. People in Europe have developed a system of threshold, according to which a political party below a certain percentage of votes is not entitled to representation," he replied.

On the defection law, Mr Zafar said it was a welcome provision. He thought it required constitutional protection. Whatever was being attempted to obtain through an ordinance was what should have otherwise been possible through political conventions and sanctions as in countries with developed political systems.

Defection Law

The defection law requires a member to vote in accordance with the directions of the parliamentary disciplinary committee of the political party to which he belongs. This obviously strengthens the role of a political party. Mr S.M. Zafar thought otherwise:

"What has been happening is that members, once elected, behave as if they are autonomous and free of any discipline."

On the question of independence of conscience in the assemblies, his interpretation was that the Ordinance did not upset what the Constitution provided—guarantees to members of parliament that they could make any speech they liked or that they could vote any way they liked. He did not feel that the law would compromise the freedom of conscience.

The Supreme Court had held (Salim Saifullah Case) that an alliance did not constitute a single party but clause 2E of the defection law lays down that a political party also includes an alliance. What did Mr Zafar think of this?

He replied that in the Saifullah case, the issue was not whether an alliance could be called a party or not. What in fact happened was that the people who left the IJI and joined the other side belonged to the Muslim League. But they had contested the election under the IJI symbol. So the complication was as to who should be the complainant—the Muslim League or the Alliance.

Lawyers who were consulted in Peshawar thought that the alliance could only be the complainant because the symbol was allotted to it and not to the party to which a member belonged. So they filed the case on behalf of the Alliance. The defence was taken that an alliance was not a political party and it was only a political party whose mandate could be of some relevance.

Misconceived

"My view, when they consulted me, was that their petition was misconceived. They should have filed a complaint on behalf of the Muslim League. The symbol which had been given to the alliance should have been deemed to have been given also to each individual member of the alliance. The debate revolved around the point as who should have filed the petition. The controversy arose because there was no law to guide us. This, in does, however, not undermine the Supreme Court's judgement," Mr Zafar said. [sentence as published]

"Do you agree that an alliance can be called a party or is there need to draw the line between the two?" he was asked.

"This particular ordinance has got to be further amended and the amendment should come with regard to a split in a party. The Indian Constitution lays down what will happen if a party splits or if an alliance splits. Without providing for a 'split situation' I think, the new law is defective."

PDA Endorses PR

91AS0511D Lahore *VIEWPOINT* in English
17 Jan 91 pp 32-33

[Article by Imtiaz Alam]

[Text] Mr Khurshid Mahmud Kasuri, Secretary-General of the PDA [People's Democratic Alliance], is strongly in favour of the proportional representation [PR] system. He explains the advantages of this system in an interview to *VIEWPOINT*. Excerpts:

VIEWPOINT: After the general elections, the PDA has continuously been charging the Establishment with massive rigging. What really is the substance in these charges?

Khurshid Mahmud Kasuri: There are no two opinions about rigging and now Mr Jatoh has also confirmed our charges. Earlier, Mr Taj Jamali had suspended 10 deputy commissioners from service on the charges of rigging. Mr Bugti's rejoinder to Jamali about massive rigging in the Punjab provides further evidence about the veracity

of our charge. This is the circumstantial evidence provided by the IJI [Islamic Jamhoori Ittehad] leaders and the proponents of their victory. Where the PDA had won, the turnout was lower or the same as in 1988, and paradoxically it was higher where IJI had won. There were numerous polling stations in every constituency where the turnout was about 70 to 80 percent and, in fact, these were the polling stations which were the pre-planned target of the whole mischief. They were the polling stations where presiding officers refused to provide certified copies of results and the benefit of doubt cannot be given to the administration. It was this approach and sophisticated planning that misled some of the foreign observers. The conduct of the Care-taker Government and actions of the President leave not an iota of doubt that the administration was not impartial. For that you read the President's speeches and comments before polling and after the campaign was over. His last address to the nation was highly partisan. Postings and transfers of officials on a large scale after the dissolution of the assemblies and following the announcement of elections leave no doubt about their (rigging) designs. Use of official resources in favour of the IJI candidates were the grossest forms of corruption. As it became well known that the powers that be were not disinterested in the outcome of the election results, it is easy to understand as to why the final outcome should have surpassed the expectations of those who commanded the bureaucracy to subvert the process in the IJI's favour. Observers having an idea of the working of the Pakistani bureaucracy know well that how it is more loyal to the king than king himself. The overkill, thus, achieved embarrassed the IJI and the protagonists of its landslide victory. Nobody in his right mind could expect only 14 national and 10 provincial seats in the Punjab after the massive rallies of the PDA. Concocted results were announced on the TV according to the pre-planned rigging, defying all the objective estimations of different observers.

VP: In what manner did the whole process of subverting the mandate take place?

KMK: In my view, a couple of methods were used: fake identity cards were manufactured on a large scale, extra ballot papers were supplied to personnel on election duty at specified polling stations. In this connection, the conduct of two administrative officials in the Election Commission was highly objectionable. Certified results sheets were not provided at the polling stations chosen for rigging through padding and, finally, results were hijacked by the ACs [acting commissioners] to be given final shape before they reached the returning officers.

VP: What does the PDA mean when it demands that some basic changes be brought about in the electoral process to ensure free polls?

KMK: Basically, what we are trying to say is that the Election Commission be appointed with the unanimous agreement of the major parties so that no suspicions could be raised regarding its impartiality. Then, the

care-taker governments should consist of people who are not interested in any way in the outcome. For this purpose, constitutional amendments would be required. All parties should cooperate with each other to make the required amendments.

VP: How do you evaluate the electoral system as it exists at present?

KMK: My personal view and that of the Tehrik-i-Istiqal is that nobody can afford to contest elections without being a smuggler, black-money holder or a swindler of the worst kind. Even the quite well-to-do can't afford to fight elections. My proposal to minimise is that candidates should provide the Election Commission with a list of their election expenses within a time limit and instead of the candidates, the Election Commission should organize the whole election campaign like posters, rallies and what have you.

VP: What are the pros and cons of proportional representation as proposed by you?

KMK: There are various electoral systems in different democratic countries and I think that the party-list system under proportional representation suits our conditions more than any other system. Under the proportional representation system, national and provincial assemblies would reflect public opinion far more accurately. Dedicated workers, able leaders and scholars, without having material resources, can get into assemblies. As party list of candidates in the order of precedence would be provided by every party, they shall be constrained to give representation to the workers, lower classes, regions, the professionals and the most respected people known for their outstanding qualities. Since the constituency would be countrywide, lists would be compared. It will eliminate all negative factors responsible for debasing our polity on the lines of 'biradari,' the excessive role of ill-gotten money, horse-trading, violence and political campaign relying on influential people rather than focussing on political, social and economic issues. This system will qualify those who don't stand a chance in the present system.

VP: But the critics of PR system say that it will lead to a multiplication of political parties and strengthen the dictatorial hold of leaders over their parties and further alienate the public representatives from the electorate.

KMK: Critics of the PR system raise mainly two objections: that it will increase the number of political parties whereas the "first past the post system" encourages a two party-system and that the party-list system would establish the dictatorship of the party. The two objections don't make much sense. Despite the prevailing system, we have had more than a dozen parties in the 1988 and 1990 general elections who were returned to the assemblies. In order to reduce the number of parties, it could, for instance, be decided that parties securing below 5 percent of the vote polled be denied representation in parliament. Legal and constitutional measures can also be adopted to give weightage to the two larger parties in

terms of representation. For example, parties obtaining over 40 percent of the popular vote could share the votes of those parties who are denied representation as a result of their inability to secure at least 5 percent of the vote. To the second objection I would insist that under the present system, we have not been able to escape the dictatorship of the leaders in their parties. The PR system will minimise the chances of leader-dictatorship. In the present system, tickets are granted to those who have the money or biradari connections and not to those who are dedicated to the party programme and have the bonafides. Under the proportional representation system, this can't be the case. Moreover, laws can be made to ensure democratisation of our political parties.

Sometimes it is also said that the direct contact between the public and their elected representative would disappear under the PR system. In fact, there is no real contact between the public representative and the electorate but with the 'chaudhris' or notables. Under PR system, there is a way out, as in the German system in which half the members are elected on the party-list and half on the constituency basis, while independents are not allowed to contest.

VP: Isn't it undemocratic to deny representation to those parties not able to secure 5 percent of the vote and weightage to those obtaining over 40 percent, thus doubly disenfranchising sections of the electorate?

KMK: No. To reduce the effect of unnecessary interference by smaller parties you have to resort to certain conditionalities, as we do make the basic rights conditional in the interest of society and democracy itself. In the same manner, to ensure the stabilisation of the political process, smooth running of the country and reducing the effect of unnecessary interference by smaller parties, this and similar other measures could be adopted to give weightage to the largest political party. There are different formulae used for purposes of calculation. Surely, some method of calculation more suited to Pakistani conditions can be evolved, once it is accepted that the vices associated with the present system can be largely remedied through the introduction of the party-list system of proportional representation.

VP: Nationalist parties and leaders from smaller provinces have been rejecting the PR system. What should be done to allay their reservations?

KM: We can have the constituency on the provincial basis instead of national level to satisfy the regional sentiments.

'Wrongdoings' Exposed

91AS0511E Lahore VIEWPOINT in English
17 Jan 91 pp 33-35

[Text] In an interview with VIEWPOINT, Dr Sher Afgan Niazi the firebrand MNA [Member of National Assembly] from Mianwali joined the PPP [Pakistan People's Party] after dissolution of the 1988 assemblies,

says that democratic practices were abandoned the day the NWFP [North-West Frontier Province] Government was dismissed soon after independence. Things went from bad to worse and the 1990 polls marked the high point in electoral wrongdoing. Excerpts:

VIEWPOINT: In your opinion, why have democratic institutions not been developed and strengthened in Pakistan and what are the main causes behind the continued disruption of the democratic process?

Dr Sher Afgan Niazi: Elections have become a business now. People invest and want high returns on their investment. Unfortunately, the feudals, big business and the civil and military bureaucracy have evolved a joint venture over a period of time. They have widely linked family ties, like the Daultanas' having kinship with the Qureshis and the Pagaras with the Makhdoods and so on. Thus, a ruling class has been formed, whose sons have been well educated at home and abroad. In spite of the independence from colonial rule, the viceregal system continues through the civil and military bureaucratic structure.

Democratic practices were abandoned almost immediately after independence. It started with the dissolution of the NWFP government in spite of its majority. Liaquat Ali Khan's Muslim League Government was the first to resort to rigging of elections. The I.G. Police, Mr Qurban Ali Khan, was used for the most infamous "Jhurloo." The "Jugtoo Front" Government, formed after the first landslide victory in East Pakistan, was dismissed. In 1954, Ghulam Muhammad dissolved the Constituent Assembly and a legal battle was fought by its worthy Speaker, Maulvi Tameezuddin, against this arbitrary and undemocratic order, but he lost it only due to the pressures of administration. The civil and military bureaucracy manipulated the quasi-democratic structure in such a way that all norms of democratic practices were distorted, rule of law ignored and the Constitution bypassed to pave the way for the imposition of Martial Law. When the military leadership realised that its counterpart in civilian bureaucracy was ruling the country through its backing, it decided to take over directly. It was announced that elections would be held in October 1958, only to be postponed with the direct imposition of Martial Law, which continued up to 1962 and candidate Ayub Khan made his way to the presidency. He authored his own constitution with a plan of life-long rule and created the 'basic democracy' system by negating adult franchise to perpetuate his rule. He accentuated the crisis ultimately, and was forced to resign. He handed over power not to the Speaker of the National Assembly but, in violation of his own constitution, to Gen Yahya. The latter held the 1970 general elections.

But Sheikh Mujibur Rehman, who had 99 percent of the mandate from the people of East Pakistan and a legitimate claim to premiership was not given power. Instead of transfer of power to the elected representatives, East Pakistan was forced into the civil war and we lost half the

country due to one reason alone—the mandate of the first-ever fair polls was not accepted by the then military junta and power was not transferred to the elected representatives of the people. Transfer of power to Mr Z.A. Bhutto took place not as a matter of right but because of the compulsion of events. They (the military bureaucracy) had to retreat as they were not in a position to continue their rule. In 1977, the PNA [Pakistan National Alliance] was created with the avowed backing of powerful sections of Establishment, who launched an agitation against Mr Bhutto on the charges of rigging. The situation was made worse by the civil and military bureaucracy, merely marking time for a comeback and, in spite of the PPP-PNA accord, Martial Law was clamped on in July. Gen Zia, who had taken over for 90 days to play as referee, continued to play foul for more than 10 years. He too, wanted life-long rule but accidental death brought his regime to an end. To prolong his dictatorship he changed the 1973 Constitution fundamentally and subsequently sponsored the Sharia' Bill on the pretext of Islamisation of the political system to strangle democracy for ever. He had the notion to rule as of divine right. The 1988 polls were also tampered with relatively, and the IJI [Islamic Jamhoori Ittehad] was created by a military agency. The latter's calculations backfired and Benazir Bhutto had to be allowed to become Prime Minister, only to be overthrown after 20 months. They (the civil and military bureaucracy) were successful in manoeuvring provincial government for the IJI in the Punjab and got their own president elected. Then, they launched their defamatory campaign along with a plan of destabilisation, vote of no-confidence being one example. When they failed to dislodge Benazir government through parliamentary means, they dismissed it outright and dissolved the assemblies on charges of corruption in the background of an organised vilification campaign launched by their disinformation cell.

VP: Focussing on the '90 general elections, how do you explain the charge levelled by your leadership that "the whole electoral process" had been rigged?

SA: It started much before the dissolution. A psychological atmosphere was created against the PPP by activating a multi-faceted attack on it. Charges of corruption and incompetence were spread through a disinformation campaign. For example, Freco Milk, the Piracha case, horse-trading and countless other fabricated stories were used. On the religious level, they moved the Shariat Bill in the Senate and mobilised the mullahs who built a front against the 'premiership of a woman being un-Islamic.' The PPP Government was pushed into the quagmire of centre-province conflict and the people responsible for the deprivation of smaller provinces at the hands of a strong centre turned into champions of provincial autonomy who in turn aligned with all sorts of ethnic nationalists. The situation in Sindh was not allowed a peaceful solution. Rather, certain powerful forces played it to their advantage by promoting fascist gangs. PPP was charged with not honouring by the Senate which turned

into hot-bed of authoritarian forces. On the level of foreign affairs, the PPP was not given a free hand and was accused of selling out to India, in spite of having reached agreements to our advantage. If this was a sell-out why don't they (her successors) terminate the agreements with India and adopt the same aggressive posture they had taken during the elections. I must emphasise that the civil and military bureaucracy and forces having had the taste of prolonged Martial Law were bent upon making the fragile democratic regime end up in failure by keeping it under the constant pressure of the Eighth Amendment.

Much before the dismissal of assemblies, a plan was prepared to ensure 'positive results.' With carefully chosen staff and various scheme arrangements were complete to subvert the election exercise to their advantage. The Care-taker Government was not only formed by the IJI stalwarts but it was also allowed to use public funds, State resources, jobs, plots, patwaris, lambardars and above all, the administration on all levels. IJI's 'one to one' strategy was made to succeed solely by the Establishment. All sorts of diverse forces were put together. Independent candidates were forced to withdraw in the official candidates' favour. Moreover, 20 to 30 thousand ballot papers in excess were provided in most of the constituencies to the IJI candidates through the concerned officials. These were without serial numbers. I have personally checked it in the by-elections. A person came to me with a ballot paper without a serial number he had received from the IJI candidate. He went and cast the same without any problem. To ensure the IJI's landslide, they hijacked the ballot boxes and ACs made the IJI victories certain by padding the boxes before they could reach returning officers. All election rules and democratic norms were grossly violated. It was basically an authoritarian Establishment which didn't allow a smooth and fair functioning of the electoral system.

VP: How have you experienced it?

SA: In my own constituency (NA-53) every possible technique was used. For example, at the polling stations in Kiri Kaptan and Bani Afghan all the polled votes were cast in favour of the IJI candidate and not a single one went to the PDA [People's Democratic Alliance]. In 1985, the total number of votes in NA-53 (NA-60 then) were about 215,000 and 93,000 votes were polled. In 1988, votes in this constituency were substantially reduced to 175,000 due to redemarcation and 84,000 votes were polled. But, paradoxically, this time above 100,000 votes were shown to be polled in spite of the fact that turnover was not more than 30 percent. How has Maulana Sattar Niazi this time improved his tally by 17,000?

VP: Now, what are the main hurdles in the way of fair and free elections and what remedies do you suggest?

SA: Zia's introduction of non-party system has given birth to an apolitical culture. It has been made next to

impossible for a worker to contest. Only monied persons with biradari linkages can think of winning. Sectarianism, ethnic parochialism and 'biradari bazi' have polluted our society to such a dangerous degree that it would be a tremendous task to eliminate this undemocratic culture. Let us have the party-list system of proportional representation or let the constituency be based on the level of district. Electoral laws should be changed to plug all possible loopholes to ensure fair and free elections. But the question remains as to how are the autocratic and authoritarian forces going to behave. If you don't stop them, they are capable of disrupting any electoral system. You can at least minimise the other vices of present-day electioneering.

VP: Don't you agree that the PPP itself became an easy prey of Zia's political culture?

SA: Yes. The PPP did become the victim of this malaise in some respects.

VP: What remedies do you suggest?

SA: To ensure fair and free elections, there should be an interim arrangement, which is in no way interested in the outcome of elections and care-takers are not directly or indirectly participating in the elections. The Chief Justice of the Supreme and of the High Courts may act as President and Governors during the interim period. All the present I.D. cards should be cancelled and more reliable cards and new lists of voters be prepared on the basis of population census. The officials involved in malpractices must be prosecuted under the most strict laws. To conclude, I would emphasise that the real sources of all these undemocratic practices is the civil and military bureaucracy and authoritarian forces in society. Until they are defeated by a series of democratic struggles, we can't hope for fairplay of any electoral system.

VP: As an expert in parliamentary practices, don't you see that present law on defection would be useful?

SA: No. The present legislation is inconsistent with Article 17, 19, 25 (clause 1) and 225 of the Constitution. You are denied the right to vote according to your conscience and I believe accountability is done by the electorate. The most important issue before this Assembly is that of the Eighth Amendment if, in spite of its character, it has to survive the President's prerogative to dissolve it at will must be withdrawn.

State Bank Releases Statistics, Recommendations
91AS0508A Karachi DAWN in English
15 Jan 91 pp 7-8

[Text] Karachi, Jan 14: The following is the annual report for 1989-90 of the State Bank of Pakistan released on Monday.

While a number of macro-economic indicators of Pakistan economy witnessed varying degrees of improvements during 1989-90, the crucial problem of a large

domestic and foreign resource gap persisted. The economy registered an appreciable growth in G.D.-P. [gross domestic product], price performance was impressive, savings and investment improved significantly over the previous year and the economy was further liberalised. However, Government's fiscal position remained under pressure as the size of fiscal deficit remained unsustainably high, improvement in balance of payments (current account) was marginal and structural weaknesses in the economy persisted.

The growth rate of G.D.P. was estimated at 5.2 percent during 1989-90 as compared with 4.8 percent achieved during the preceding year. During the year value added in the manufacturing sector rose at an appreciable rate of 7.9 percent including an increase of 7.7 percent in the production of large-scale manufacturing sub-sector while the agricultural production increased at a slower rate of 4.0 percent. Services sector registered a growth rate of 4.8 percent compared with 3.8 percent during the last year. The growth rate of commodity producing sectors at 5.5 percent was lower than 5.9 percent registered in the preceding year.

However, the progress in demand management during last year could not be maintained. Growth in total Government expenditure at 12.6 percent was higher than 11.5 percent last year while total resources increased only by 12.3 percent compared with an increase of 17.5 percent in 1988-89. As a result, budgetary position came under considerable pressure and the overall deficit which was initially targeted at 6.4 percent of G.D.P. rose to 7.3 percent, the same as last year. The government took recourse to heavy bank borrowing to finance its commodity operations.

Private sector credit registered a considerable increase while credit to the public sector enterprises also rose in contrast to a decline last year. Net domestic credit expanded by 13.1 percent compared with an increase of 6.7 percent during the preceding year. However, the price pressures eased during the year due largely to improvement in the growth performance of the economy, lower rate of depreciation of Pakistan rupee against U.S. dollar and the softening effect of the previous year's unusually low monetary expansion. Price level as measured by the Consumer Price Index recorded an increase of 6 percent in 1989-90 as compared to 10.4 percent in the preceding year. Rate of increase in prices, however, picked up considerably during the last quarter of the year.

Private Sector Response

The response of the private sector to the improvement in government policies geared to facilitate greater participation in the development and management of the economy continued to be very encouraging. During the year, private sector fixed investment rose by a record 19.9 percent and exceeded the public sector fixed investment by Rs.3.6 billion. Consequently, the share of private sector investment in total gross fixed investment

went up from 49.7 percent in the preceding year to 51.2 percent during 1989-90. Nevertheless, the balance of payments on current account continued to be under great pressure though the deficit declined to \$1.7 billion or 4.4 percent of GNP [gross national product] compared with \$1.9 billion or 5.2 percent of GNP in the previous year. National savings rose substantially and stood at 13.2 percent of GNP during the year compared to 12.4 percent in 1988-89. Gross fixed investment as a percentage of GNP rose from 15.4 percent in the preceding year to 15.9 percent in 1989-90. As a result of larger increase in national savings, a smaller part of the gross fixed investment was financed from external resources compared to last year.

The following paragraphs review the major developments in the economy of the country during 1989-90.

Gross Domestic Product (at constant factor cost of 1980-81) was provisionally estimated to have recorded a growth rate of 5.2 percent during 1989-90 as compared with 4.8 percent in the preceding year. Services sector grew at 4.8 percent compared to 3.8 percent in 1988-89. The growth rate of 5.5 percent in the commodity producing sectors, though higher than the services sectors, was lower than 5.9 percent registered in the preceding year. In services sectors, "Transport, Storage and Communication" sector recorded a growth rate of 4.7 percent as against a decline of 0.6 percent in the preceding year. The growth rate of "Wholesale and Retail Trade," however, declined from 5.4 percent in 1988-89 to 4.9 percent in 1989-90.

Commodity Sector

The performance of the commodity producing sectors revealed that agriculture and "Electricity and Gas Distribution" sectors recorded lower growth rates of 4 percent and 8.3 percent compared with 7.1 percent and 13.2 percent respectively in 1988-89. The Quantum Index of Agricultural Production, which had risen by 5.5 percent in 1988-89, is provisionally estimated to have increased only by 1.5 percent during 1989-90. The sluggish performance in this sector was attributable largely to a decline in the growth rate in the sub-index of food crops from 9.2 percent in the preceding year to 2.5 percent in 1989-90. The sub-index of other crops declined by 0.9 percent whereas it had registered an appreciable increase of 12.0 percent last year. However, the sub-index of fibre crops increased by 2 percent in contrast to a fall of 2.9 percent in 1988-89. Crop-wise, the slower growth resulted mainly from decline in the production of wheat and sugarcane. The output of wheat declined by 0.9 percent to 14.29 million tonnes while that of sugarcane fell by 4.0 percent to 35.49 million tonnes during the year.

Value added in the manufacturing sector grew at a higher rate of 7.9 percent compared with 4 percent in the preceding year. The higher growth rate was attributable to an increase of 7.7 percent in the value added of large-scale manufacturing sub-sector compared to a

much smaller increase of 2.4 percent last year. The improvement in this sector, despite disturbed law and order situation in certain parts of the country, was largely attributable to Government's industrial promotion efforts such as privatisation and deregulation and a sharp increase in investment in the manufacturing sector. The rate of growth in the value added in the small-scale manufacturing, however, remained unchanged at last year's level of 8.4 percent.

Net factor income from abroad, at constant prices of 1980-81, which had registered a declining trend since 1985-86, rose by 0.85 percent during the year on account of improvement in home remittances. Gross National Product, reflecting the combined impact of GDP [gross domestic product] and net factor income from abroad, recorded an increase of 5.0 percent as compared to a rise of 4.0 percent in the preceding year.

Investment and Savings

The growth rate of gross fixed investment accelerated during the year. At current prices, it registered an increase of 16.2 percent compared to 11.1 percent in the preceding year. Its ratio of GNP, therefore, improved from 15.4 percent to 15.9 percent during the year. The increase occurred both in public sector and private sector fixed investment which went up by 12.6 percent and 19.9 percent respectively. Private sector fixed investment, in absolute terms, exceeded the public sector investment by Rs. [rupees] 3.6 billion in 1989-90. As a result of larger increase in private sector fixed investment than in public sector investment, the share of private sector investment in total gross fixed investment rose from 49.7 percent to 51.2 percent while that of public sector declined corresponding from 50.3 percent to 48.8 percent in 1989-90.

National savings registered a significant increase of 20.2 percent as compared with a much lower growth rate of 7.4 percent in preceding year. Private savings increased by 20.3 percent and public savings went up by 12.7 percent during the year. Among private savings, while the growth rate of corporate savings remained unchanged at last year's level of 3 percent, household savings went up by 21.6 percent during 1989-90 as compared to the rise of 18.4 percent last year. The share of private savings in national savings rose marginally from 98.5 percent in 1988-89 to 98.6 percent during 1989-90 while that of public sector declined from 1.5 percent to 1.4 percent over the year. A very encouraging development during the year was a high marginal rate of national savings which was estimated at 19.3 percent as compared to 7.1 percent last year. The inflow of external resources rose only by 4.5 percent as compared to a much larger increase of 25.6 percent in 1988-89 with the result that their share in financing gross total investment came down from 27.3 percent during the previous year to 24.6 percent during 1989-90.

The Annual Credit Plan continued to be the main instrument to contain liquidity in the economy within

reasonable limits. However, as in the previous years, the Plan aimed at ensuring adequate credit for the productive and priority sectors of the economy and discouraging its flow towards speculative and non-essential activities. In this context, ceilings continued to be prescribed for commercial banks' credit to the private sector and public sector enterprises. Funds were also earmarked for fixed industrial investment purposes within the overall private sector credit ceilings. In case of export finance, protected level was raised substantially to ensure sufficient funds for exports. As for selective credit controls, necessary amendments and modifications were made during the year in accordance with the changing requirements of the economy.

The rate of monetary expansion which had decelerated continuously during the last three years picked up considerably during 1989-90. Monetary assets rose by 13.0 percent compared to a much lower increase of 4.6 percent in the preceding year. Domestic credit expansion increased from 6.7 percent in 1988-89 to 13.1 percent during 1989-90. This was largely brought about by sharp increase in Government borrowings for commodity operations and expansionary impact originating from 'other items (net)' of the banking system. Government borrowings for commodity operations increased steeply by Rs. 11.4 billion due mainly to larger financing requirements for wheat, rice, and edible oil as compared with a much smaller rise of Rs. 1.2 billion in 1988-89. 'Other items (net)' which had exerted a contractionary impact of Rs. 4.1 billion last year exercised an expansionary influence of Rs. 3.4 billion during 1989-90. Government borrowings for budgetary support rose by a smaller amount of Rs. 3.9 billion as compared to Rs. 7.1 billion in the preceding year while credit to the private sector increased by Rs. 23.2 billion as compared to a rise of Rs. 18.2 billion last year. Credit to the public sector enterprises denoted an increase of Rs. 0.6 billion as against a fall of Rs. 2.2 billion last year. Net foreign assets, on the other hand, fell by Rs. 4.0 billion (adjusted for SAF [Structural Adjustment Facility] loan amounting to Rs. 7.4 bn) during 1989-90 compared with a larger decline of Rs. 7.1 billion last year.

In order to foster the development of a more active money market, the government decided to introduce a new form of treasury bill last year. The bills having a maturity period of six months are sold by inviting tenders from individual bidders. During 1989-90, 26 auctions were held and treasury bills of the face value of Rs. 4.3 billion were sold to different banks. The outstanding balance of these bills as on 30th June, 1990 stood at Rs. 600 million. The average rate of discount on the market treasury bills sold during 1989-90 worked out to 6.17 percent per annum. It may be mentioned that three auctions were held during 1988-89 but the bids were declined each time as the rates quoted by the bidders were held during 1988-89 but the bids were declined each time as the rates quoted by the bidders were considered high.

Following the announcement in the Federal Budget 1988-89, the Government had approved the establishment of six private investment banks by the private sector. One of these banks viz. Crescent Masraf Bank Limited offered shares for public subscription during 1989-90. The First Women's Bank Limited also commenced its operations during the year.

Balance of Payments

The capital market made further progress during the year. The term loans, lease and equity support provided by the financial institutions including commercial banks amounted to Rs.20.71 billion as compared to Rs.19.45 billion during 1988-89 showing an increase of 6.5 percent. The Development Finance Institutions [DFI] intensified their saving mobilisation efforts to enhance their resources. Pakistan Industrial Credit and Investment Corporation and Industrial Development Bank of Pakistan introduced bearer and registered deposit certificates during the year. The deposits mobilised by National Investment Trust through sale of its units increased sharply by Rs.2.4 billion to stand at Rs.7.6 billion at the end of June, 1990. The outstanding level of deposits of National Development Finance Corporation and Industrial Development Bank of Pakistan rose by Rs.500 million and Rs.76 million respectively during the year. Bankers Equity Limited mobilised Rs.4.24 million during the year while the deposits of National Development Leasing Corporation went up by Rs.189 million. However, the outstanding level of deposits of Regional Development Finance Corporation declined to Rs.146 million at the end of June, 1990 as compared to Rs.162 million a year earlier. In order to expand activity in the capital market, National Development Finance Corporation and WAPDA [Water and Power Development Authority] established a discount house known as First Credit and Discount Corporation (Pvt.) Ltd.(FCDC).

The corporate sector offered shares (including Modaraba and Mutual Fund certificates) worth Rs.2,024.4 million for public subscription during 1989-90 as compared with Rs.737.8 million last year. This included an offer to the general public by the Pakistan International Airlines Corporation of Rs.274.35 million worth of shares. Public response to the offers was very enthusiastic as total subscription to these issues stood at Rs.20,049 million as compared with Rs.5,083 million during 1988-89. Besides, the WAPDA also offered bearer and registered bonds worth Rs.3.9 billion which were subscribed to the extent of Rs.6.8 billion. The Controller of Capital Issues sanctioned capital issues amounting to Rs.13.64 billion during 1989-90 as compared to Rs.6.43 billion in the preceding year.

The Karachi Stock Market witnessed divergent trends during the year. The State Bank General Index of Share Prices (1980-81 = 100) registered a rise of 4.2 percent over the year which was somewhat lower than the increase of 4.9 percent in 1988-89. The aggregate market capitalisation of shares included in the Index went up by Rs.4.8 billion to Rs.48.7 billion as compared with a rise

of Rs.5.8 billion last year. The turn-over of shares in the ready section increased sharply by 36.8 percent to 236.4 million as against a fall of 1.4 percent in 1988-89. The turnover of shares in the ready section at Lahore Stock Exchange also increased from 16.5 million in 1988-89 to 22.4 million during 1989-90.

Price Situation

The price situation, which had come under considerable pressure in the previous year, eased during 1989-90. The 12-month average of the Sensitive Price Indicator (1980-81 = 100) rose by 6.1 percent in 1989-90 as compared to a sharp increase of 13.5 percent in 1988-89. The Consumer Price Index and the Wholesale Price Index, on 12-month average basis, also registered lower increases of 6 percent and 7.3 percent during 1989-90 as compared to the rise of 10.4 percent and 9.7 percent respectively last year.

The external sector continued to be under severe pressure though the current account deficit which had touched a record level of \$1.9 billion in 1988-89 was estimated somewhat lower at \$1.7 billion during 1989-90. As a percentage of GNP, the deficit amounted to 4.4 percent in 1989-90 compared to 5.2 percent in 1988-89 and an average of 4.3 percent during the five years ended 1988-89. The narrowing down in the deficit under current account was attributable to increase both in exports and home remittances. The trade deficit contracted by 12.0 percent to \$2,264 million during 1989-90 owing to a larger increase of \$358 million in exports (f.o.b.) than of \$49 million in imports (f.o.b. [free on board]). Net inflow on account of 'private unrequited transfers', consisting largely of home remittances, increased by 2.6 percent to \$2,155 million during 1989-90. The deficit on services account was, however, estimated to have expanded by 5.6 percent to \$1,543 million as a result of decline in receipts and rise in payments, particularly interest on external debt.

Under the capital account, long-term capital depicted a reduced net inflow of \$1,444 million during 1989-90 which was 26.0 percent lower than the net inflow of \$1,952 million in the preceding year. The gold and foreign exchange reserves of the country which stood at \$1,227 million at the end of June, 1989 increased by 14.3 percent to \$1,401.9 million at the end of June, 1990. However, the increase was attributable to the drawings of the equivalent of SDR [Special Drawing Rights] 190.11 million from the Fund and to commercial borrowings of \$475 million.

Exports

Exports (f.o.b.), which were projected to rise by 9.2 percent, increased by 5.8 percent to \$4,964.7 million during 1989-90. This compared with a rise of 5.3 percent in 1988-89 and an average increase of 17.2 percent during 1984-86/1988-89. The sluggish growth in exports during 1989-90 was almost wholly due to sharp decline in exports of cotton and rice. While the decline in the

former was entirely due to fall in volume, in case of latter it was the result of decline in volume as well as in the average export prices. Quantum index of exports declined by 11.9 percent during 1989-90 over the preceding year. Exports of cotton and cotton-based products, which had recorded an annual average increase of about 22.9 percent during 1985-86/1988-89 declined marginally by 0.5 percent in 1989-90 due entirely to lower exports of raw cotton. Reflecting largely a marked decline in export earnings from raw cotton and rice—the two major traditional exports, the share of non-traditional exports which stood at 21.8 percent in 1988-89 rose to 25.5 percent in 1989-90. Also, the value of exports excluding those of rice and cotton rose markedly by 24.2 percent in 1989-90 as against a decline of 1.1 percent in the preceding year. The ratio of exports to imports which had averaged 64.8 percent in 1985-86/1988-89 and stood at 66.4 percent in 1988-89 rose to 71.5 percent during 1989-90 reflecting both a modest rise in exports and a fall in imports.

In terms of economic categories, exports of 'semi-manufacturers' and 'manufactured goods' increased substantially by 33.1 percent and 22.4 percent respectively to \$1,173.5 million and \$2,782.0 million during 1989-90. Their share in total exports also moved up from 18.8 percent and 48.4 percent in 1988-89 to 23.6 percent and 56.0 percent respectively during 1989-90. Exports of 'primary commodities', on the other hand, declined sharply by 34.4 percent to \$1,009.2 million due largely to lower exports of raw cotton and rice, accounting for 20.3 percent of the total exports during 1989-90 as against 32.8 percent in the preceding year.

Imports

Imports (c.i.f. [cost, insurance, and freight]) based on customs data, aggregated \$6,941.1 million during 1989-90, showing a decline of 1.8 percent over the preceding year in contrast to a rise of 10.5 percent in 1988-89. The overall decline in imports was largely attributable to lower imports of machinery, plastic material, edible oil, pulses, iron and steel including scrap, synthetic and artificial silk yarn and synthetic fibre. In terms of economic categories, imports of 'consumer goods' and 'raw material for consumer goods' increased by 9.1 percent and 4.0 percent respectively during 1989-90. The increase was, however, more than offset by decline in imports of 'capital goods' and 'raw material for capital goods' which declined by 12.4 percent and 5.8 percent respectively. As a consequence, the combined share of 'consumer goods' and 'raw material for consumer goods' in total imports rose from 56.3 percent to 60.5 percent, while that of 'capital goods' and 'raw material for capital goods' fell from 43.7 percent to 39.5 percent. Imports of five major items viz. wheat, tea, edible oil, fertilizer and petroleum products, which together accounted for 33.5 percent of total imports in 1989-90 compared to the average share of 30.3 percent during 1985-86/1988-89, rose by 10.4 percent over the preceding year. Quantum index of imports declined by 7.0 percent during 1989-90 over the preceding year.

The terms of trade which had deteriorated by 7.0 percent during 1988-89, remained almost unchanged during 1989-90. The terms of trade index: 1980-81 = 100, adjusted for changes in the Pak-rupee/U.S. dollar exchange rate, stood at 89.60 during 1989-90 as compared with 89.58 last year, denoting a nominal improvement of 0.02 percent over the year. The rise in export unit value index (adjusted for changes in Pak-rupee/U.S. dollar exchange rate) of 2.7 percent was almost wholly neutralised by a matching increase in import unit value index.

[Begin boxed item] During 1989-90, GDP growth rate increased to 5.2 percent as against previous year's 4.8 p.c. Price pressures eased due largely to improvement in growth performance of the company, lower rate of depreciation of the Pakistan rupee against US dollar and the softening effect of previous year's unusually low monetary expansion, the rate of increase in consumer prices came down from 10 p.c. in previous year to 6 p.c. [end boxed item]

Fiscal Position

The fiscal position of the Government, which had improved last year, came under severe pressure during 1989-90. In contrast to a decline of 1.2 percent in the previous year, the year 1989-90 witnessed a rise of 13.3 percent in the budget deficit over the provisional actuals for 1988-89. The consolidated budgetary position showed an overall deficit of Rs.64.4 billion in the revised estimates of 1989-90 as against Rs.56.9 billion in 1988-89. The larger deficit was attributable to a relatively lower growth of 12.3 percent in total resources as against a rise of 12.6 percent in total expenditure. Despite a number of new tax measures introduced in 1989-90 budget, the tax revenue grew at a much smaller pace of 11.2 percent in the revised estimates of 1989-90 as against 18.1 percent recorded in 1988-89. The overall budgetary deficit/GDP ratio remained unchanged at last year's level of 7.3 percent. This ratio was projected at 6.4 percent in the budget estimates of 1989-90.

The consolidated Federal and Provincial Governments expenditure amounted to Rs.226.5 billion in the revised estimates of 1989-90 reflecting an increase of Rs.25.4 billion or 12.6 percent over provisional actuals of 1988-89. Current expenditure amounted to Rs.171.5 billion representing an increase of Rs.18.5 billion or 12.1 percent over provisional actuals of 1988-89. Development expenditure at Rs.55 billion was 14.3 percent higher than the outlay of Rs.48.1 billion in 1988-89. The ratio of development expenditure to GDP increased marginally from 6.2 percent in 1988-89 to 6.3 percent in 1989-90 whereas the ratio of current expenditure to GDP declined slightly from 19.8 percent in the preceding year to 19.7 percent in 1989-90.

Revenue receipts in the revised estimates for 1989-90 at Rs.156.5 billion showed an increase of Rs.17.4 billion or 12.5 percent as compared to provisional actuals of 1988-89. Tax revenue amounted to Rs.122.7 billion

which was higher by Rs.12.3 billion or 11.2 percent over the provisional actuals of 1988-89. However, the tax revenue as a percentage of GDP declined from 14.3 percent in 1988-89 to 14.0 percent in the revised estimates of 1989-90. Non-tax receipts at Rs.33.9 billion were higher by Rs.5.1 billion or 17.7 percent. The surplus of autonomous bodies increased from Rs.5.2 billion in 1988-89 to Rs.5.5 billion in 1989-90.

The gap between expenditure and Government's revenues was met from domestic non-bank borrowing amounting to Rs.40.6 billion and external borrowing of Rs.18.9 billion. Borrowing from the banking system, as per monetary data, stood at Rs.3.9 billion. External borrowing and domestic non-bank borrowing during 1989-90 were higher by 3.7 percent and 7.1 percent respectively compared to last year. Government's resource to bank financing at Rs.3.9 billion was substantially lower than Rs.7.1 billion in the previous year.

Growth Momentum

In summary, a respectable growth rate of 5.2 percent during 1989-90 indicates that the economy is maintaining its growth momentum, though in recent years the growth on the average is lower than a few years earlier. During the year price increase was brought to a modest rate of 6 percent compared with 10.4 percent during the last year. Deficit on Balance of Payments (current account) was reduced, there was improvement in reserves together with building up of stocks of selected commodities in the amount of about \$200 million more than the level at the end of last year. Finally, the levels of savings and investment recovered to the level of 1987-88. Thus together with improvement in policy environment, these developments indicate that the economy continues to grow as reflected in a number of macro-economic indicators.

Apart from the above achievements there are a number of areas where the performance of Pakistan's economy leaves much to be desired and substantive policy changes are called for to put the economy on a path of sustained growth and stability.

To begin with there are minor comments on two aspects of growth rate. Firstly, it is not a healthy sign that the growth rate of services sectors during the year was higher than that of last year while that of the commodity producing sectors moved in reverse. This is partly the result of employment expansion in the services sectors. Such expansion in services sectors is not helpful because it increases demand for commodities without directly adding to supplies.

Secondly, the performance of manufacturing sector, particularly the large-scale, is not encouraging. A 7.9 percent increase in manufacturing during the year is to be seen from a low base of last year when manufacturing registered an increase of only 4 percent. The average of two years at about 6 percent is significantly lower than the average of preceding 5 years. The position of the large-scale manufacturing is even worse. A 7.7 percent

increase over the previous year when the production had increased only by 2.4 percent gives an average of about 5 percent during the two years which again is substantially lower than the average of the preceding 5 years. This poor performance of production has taken place notwithstanding a rising trend in industrial investment during the past three years. Given all the incentives including comparatively ample investment resources, credit lines, tariff protection, and tax benefits this sector should do better than its past performance to justify the use of resources in the sector.

Performance of fiscal policy and the need for improvement in the areas of resource mobilisation and containing current expenditure continue to be the major problems in the economy. The momentum of fiscal discipline achieved in the recent past has not been maintained: persistence of budget (consolidated) deficit at 7.3 percent of GDP contributed significantly to slippage in the demand management. The decline in the growth rate in current expenditure from 14.5 percent during 1988-89 to 12.1 percent was substantially smaller than the decline in the rate of increase in resource mobilisation from 17.5 percent last year to 12.3 percent in 1989-90. This naturally put pressure on resources. While development expenditure registered an increase of 14.3 percent over the past year its increase in two years at 17.3 percent was roughly equal to increase in prices during the same period thus implying no net increase in real terms. It is pertinent to mention that in recent years current expenditure as a percentage of total expenditure has shown a rising trend: from 70.4 percent in 1985-86 to 75.7 percent in 1989-90. A medium-term view of the trend would show that current expenditure during 1982-83 to 1985-86 was 70.1 percent of the total expenditure and rose to 75.6 percent in the subsequent four years ending 1989-90. On the other hand, the development expenditure as percentage of GDP declined from 8.1 percent in 1982-83 to 6.3 percent in 1989-90.

To finance the budgetary deficit the authorities continued to place heavy reliance on non-bank borrowing with its bearing on the domestic debt profile. Increase in the non-bank borrowing of the order of Rs.40.6 billion was the principal component in raising the total outstanding domestic debt from Rs.327 billion in 1988-89 to Rs.374 billion during 1989-90, an increase of 14.4 percent. Return paid on domestic debt at Rs.34.8 billion accounted for 22.4 percent of current expenditure of the Federal Government compared with 14.2 percent in 1986-87. Also, the return paid on domestic debt during 1989-90 constituted 73.7 percent of net increase in the domestic debt compared with 65.9 percent in 1988-89 and only 25.7 percent in 1985-86. In a period of 5 years amount of return paid on domestic debts has gone up astronomically and indicates the speed with which we are heading towards a situation called as debt-trap i.e., when increase in borrowing may just suffice to pay return on domestic debt.

In brief during 1989-90 total revenue as a percentage of GDP registered a minor-decline over the previous year

whereas the corresponding percentage of expenditure remained unchanged. Apart from this, there are other indications that the tight demand management witnessed during 1988-89 has lost its momentum. There is no alternative to tightening the financial discipline again. Obviously, there are limits to financing expenditure either from bank credit or from borrowing. Rising current expenditure cannot be maintained without a bold effort at resource mobilisation otherwise either the size of development expenditure would have to be cut with its obvious implications for future growth or demand on resources would result in unmanageable price increases.

Growth rate of both the monetary assets and credit during 1989-90 exceeded the target rates provided in the Credit Plan, thus contribution to the slippage in demand management. To some extent this may be a follow-up of the unusually low rate of credit and monetary expansion during the preceding year. Notwithstanding this, the slippage in monetary policy is likely to have implications for prices which began showing a rising trend in the last quarter of 1989-90. As the existence of latent inflation in the country cannot be excluded it will be advisable to pursue a cautious monetary policy as a part of effort not to allow any serious slippage on price front.

A few words need to be said about the composition of monetary assets and some related problems having bearing on monetary policy. While during 1989-90 monetary assets (M_2) increased by 13.0 percent, currency in circulation increased by 18.0 percent and time deposits by 6.6 percent. Despite 6.6 percent increase over the preceding year, time deposits in absolute amount were lower than as of end-June 1988 and only Rs.1.78 billion higher than from their level as of end-June, 1987. During the past five years share of time deposits in M_2 has declined from 35.3 percent to 25.8 percent while that of currency has gone up from 30.7 percent to 36.2 percent during the same period. This indicates the continuation of the process of disintermediation of the banking system which has been witnessed in recent years. The disintermediation which means the dwindling role of the banking system in the financial flows and transaction is mainly attributable to serious distortions in the structure of rates of return, the need for improvement in over-all performance of the nationalised commercial banks [NCB] and fiscal reforms. More specifically, because of low profitability resulting from a number of diverse causes, banks cannot offer rates of return on time deposits which can compete with the return on papers offered by the Government to the public. Because of this differential the commercial banks have been observed to be shedding long-term deposits. Such a state of affairs calls for policy reforms in two major areas namely rationalisation of rates of return and improving the over-all performance of nationalised commercial banks. In the area of rates of return, a beginning has already been made by replacing the Khan Deposit Certificates with a new paper bearing more realistic rate of return. However, more broad-based changes are necessary both

to improve the profitability of NCBs and to improve the efficiency of resource allocation by a competitive structure of the rates return.

Distorted rates of return have affected the financial sector and the monetary policy in more than one way. While time deposits in the banking sector have tended to stagnate over the past few years, the amount of bearer certificates issued by the Government and autonomous bodies have increased substantially. Thus as of end-June 1990 various bearer certificates aggregated about Rs.87.0 billion. The value of these certificates of end-June, 1986 was Rs.21.7 billion including prize bonds valued at Rs.16.3 billion. Thus the bearer certificates and bonds excluding prize bonds increased from Rs.5.4 billion in 1985-86 to Rs.62.2 billion in 1989-90. These certificates together with large increase in the currency ratios reflect, among other things, the expansion of informal sector and may be serving as medium of payment as well as providing wider opportunities for illegal transactions. It is noteworthy that the total value of bearer certificates as of end-June 1990 was about Rs.87.0 billion while the capitalised value of stocks at Karachi Exchange was Rs.48.7 billion.

Rationalization of rates of returns is one component of reforms intended to be effected in the financial sector. It needs to be mentioned in this context that Pakistan authorities have undertaken to implement a financial sector reforms programme. However, the implementation of the programme needs to be stepped up. Substantive changes in the area of policy and institutional reforms have yet to be undertaken. To achieve the objectives embodied in the programme, a number of policy changes, which may be unpopular in the short-term, are necessary for the long-term health of the economy. A return to economic liberalism witnessed in recent years, in contrast to an increasing role of the State in the Seventies will not fully materialize unless the pace of financial reforms is speeded up and deregulation and liberalisation of the economy is continued. A considerable spadework has been done in terms of research and analysis together with clearly identifying the areas of reform. What is needed is to accelerate the pace of reforms. It needs to be appreciated that a liberalized economy has greater capacity to absorb shocks. An important area of reforms is the development of financial institutions in the private sector without which neither the process of accountability can be improved nor can be saving of the private sector be allocated with requisite efficiency.

As for the price situation, a 6 percent increase in the Consumer Price Index over the preceding year should not generate any sense of complacency. This modest increase in prices has to be viewed in the background of the following factors:

1. Six percent increase in the prices during 1989-90 is from a very high base of 10.4 percent increase during the

preceding year. During the past two years the prices have increased by 16.4 percent which is a more realistic indicator.

2. Notwithstanding a 1.8 percent decline in the total imports during 1989-90, import of consumer goods rose by 9.1 percent and their share in total imports went up from 17.2 percent to 19.1 percent during 1989-90, compared with the preceding year. Also the import of raw material for consumer goods went up by 4.0 percent with their share in the total imports rising from 39.1 percent during 1988-89 to 41.4 percent in 1989-90. This has added to availabilities in the economy.

3. Relatively good price performance is attributable in no small measure to the lagged effects of unusually low growth rate of money supply (4.6 percent) and credit expansion (6.7 percent) during 1988-89.

4. Finally, during 1989-90 downward adjustment of Pak-rupee was of the order of 3.2 percent compared with 14.7 percent during the preceding year.

The factors mentioned above were a transitory character and any let-up on policy front to hold the price line would lead to inflationary pressures. In fact, the prices are reflected in the consumer price index [as published] started showing a rising trend during the last three months of the year and as the increase both in monetary expansion and credit expansion during 1989-90 has exceeded the target provided in the Credit Plan, the possibility of increased pressure on prices cannot be excluded. In fact the given data suggests that the State Bank should pursue a relatively tight monetary policy during 1990-91.

Notwithstanding some improvement over the preceding year, balance of payments position remained under considerable pressure. Even after this improvement the deficit on current account at \$1.7 billion is more than 4 percent of GNP. An increasingly large recourse has been taken to short-term borrowing in the international market to finance this deficit. Financing of the deficit has also led to increase in the outstanding external debt which as of end-June, 1990 at \$15.2 billion. It is not too early to start considering various options of improving the viability of balance of payments over the medium-term. For one our large-scale industry needs to make greater contribution to exports than before. Balance of payments is operating on a very thin margin. To repeat, there is an urgent need to diversify export base and enhance productivity which together with flexible exchange rate policy should provide some fillip to our exports.

A few words about saving and investment ratios in the economy and some related issues are called for. While the level of savings and investment during 1989-90 improved over the previous year, their level as a percentage of GNP is roughly the same as in 1987-88 and considerably lower than it was in 1986-87. Thus, the level of domestic savings has to be increased further to finance the level of investment. Also it needs to be

mentioned that during 1989-90, 98.6 percent of the total national savings in the economy came from the private sector and the share of household sector in the total national savings stood at 92.9 percent. The share of both the private savings and of household savings have broadly shown a rising trend indicating thereby that the share of public savings and the corporate savings have been declining. It is paradoxical that share of corporate savings in the national savings should be so small despite the fact that over the years the corporate sector has had the privilege of making use of all sorts of facilities and incentives including credit facilities, availability of foreign exchange, licensing and all other incentives. Similarly, although the public sector has been expanding investment, its savings are very meagre compared with the scale of investment in the public sector. Both the corporate sector and the Government sector have used the household savings to finance their investment operations. This highlights the need for improvement in corporate as well as public savings.

Investment in the large-scale manufacturing sector needs some comments. Firstly, during 1989-90 the amount of investment sanctioned accelerated at an unprecedented rate. DFIs sanctioned Rs.36 billion by way of loans for medium and long-term investment and equity compared with Rs.22.1 billion during the preceding year registering an increase of 62.9 percent. However, disbursements during the year at Rs.16.8 billion were only marginally higher than Rs.15.4 billion during the preceding year. Thus the ratio of disbursements to sanctions during 1989-90 at 46.7 percent was substantially lower than last year's 69.7 percent and an average of 70.6 percent during the past 5 years ending 1988-89. In addition to DFIs, the Board of Investment (BOI) approved projects with a total investment of Rs.76.1 billion. There is a need for coordinating sanctioning of investment with available resources particularly credit and infrastructure facilities. Secondly, two sub-sectors in the large-scale manufacturing namely, textile and sugar have claimed the bulk of investment. In the total investment sanctioned by PICIC [Pakistan Industrial Credit and Investment Corporation], BEL [expansion not given], NDFC [National Development Finance Corporation] and IDBP [Industrial Development Bank of Pakistan] during 1989-90, 58.7 percent went to these two sub-sectors were 54.5 percent of the total compared with 45.6 percent during 1988-89. These data amply highlight the need for broadening the commodity base of large-scale manufacturing industry in the country.

It also needs to be mentioned that recent policy changes in the economy particularly decontrol of prices, industrial deregulation, simplification of investment procedures, greater private sector participation in domestic and foreign trade and flexible exchange rate have enhanced the need for greater coordination among the three principal policy instruments namely fiscal policy, exchange rate and monetary policy. In view of the recent liberalisation monetary policy has to play an increasingly important role: greater use of a rationalised structure of

rates of return and greater reliance on other techniques of indirect control of liquidity. As the economy is further deregulated and liberalised greater reliance would need to be placed on indirect controls and their coordination.

The overwhelming need for population planning can hardly be overemphasized. Pakistan's population is growing at a rate of more than 3 percent which is one of the highest in the world. It needs to be stressed that whereas the population growth in Pakistan shows no signs of a decline, other countries in the region like India, Bangladesh and Sri Lanka have succeeded in reducing their growth rates. Given the fact that over 46 percent of the population is under 15 years of age at present, it will be even harder in the years ahead to control population growth in Pakistan. The Government should realize the gravity of the situation and earmark substantial resources to reduce the population growth to manageable levels. A rapid population growth is contributing to two major problems, namely, a marked deterioration in the environment and widespread unemployment.

Deterioration environment puts a strain on the quality of public services which constitute important elements of welfare. Factors which have exercised an adverse impact on the quality of environment in Pakistan include unwise use and poor management of natural resources, accelerated gullying, wind erosion, water logging and salinity, range land degradation and water mining. Less than 2 percent industry has installed and operates pollution abatement equipment. A major effort over the coming decades will be required for conservation strategy. It is imperative that effective measures for implementation of conservation strategy are taken early. The major components of such a strategy could be incorporation of environmental costs in national accounts and preparation of environmental impact statements for large projects. The new industrial units may also be required to install and operate pollution control equipment.

The problem of high level of unemployment, mainly resulting from excessive population growth, needs priority attention. A specific, well-defined strategy to combat unemployment in the country has not found appropriate priority in our development plans. By and large the solution of unemployment problem has been subsumed to accompany economic growth including in particular industrial development. The fact is that large-scale manufacturing which in the past 10 years has claimed about 17 percent of total fixed investment has made only marginal contribution to increase in employment. A preponderant percentage of industrial labour is absorbed by small-scale industry. Also, bulk of the labour has been absorbed by agriculture sector. Given the high level of unemployment, the need to absorb increasing number of Pakistan workers from Middle East further highlights the urgency of a well thought-out policy to combat unemployment. Only a comprehensive, multipronged approach can achieve visible results within a reasonable period of time. Some possible measures could be as under:

1. Growth rate of population needs to be brought down, otherwise the existing imbalances in the labour market can assume crisis proportions posing greater threat to political and economic stability by aggravating ethnic and regional tension. We are already late in seriously addressing the question of population control but it is not too late yet. However, further delay could be disastrous.

2. There is a clear need for greater emphasis on small-scale industry and a shift of balance in favour of labour-intensive areas of production in the large-scale industry. To encourage small-scale, labour-absorbing industries a number of institutional changes would need to be made including the setting up of small industrial estates with necessary infrastructure.

3. Together with substantive policy changes to encourage small-scale industry it will be advisable to critically review the programmes already on the ground, namely the effectiveness of the operations of Small Business Finance Corporation (SBFC) and Youth Investment Promotion Scheme (YIPS).

4. In agriculture, still greater employment opportunities can be generated through intensive cultivation, diversification and improvement of infrastructure which will also help reverse the flow of people from rural to urban areas.

Before concluding, a few words need to be said about prognosis. Notwithstanding impressive growth rates over the years and planned economic development since the mid-Fifties, Pakistan continues to be one of the least developed countries, with people living on about one dollar per person per day. Actual living standard may be even lower if services, which are included in per capita income but do not have significant weight in an average consumer's basket of goods, are excluded. A 5-percent growth rate in GDP with a population growth rate of 3.1 percent gives an increase of 1.9 percent in per capita income. At this growth rate which at the present rate of national savings is impossible to sustain without foreign assistance per capita income would increase by 60 percent in 25 years from its present low level. Thus it is obvious that pace of development would need to be accelerated if a visibly better living standard has to be achieved within a period of one generation. This would require that the economy grows at a minimum rate of 6 to 7 percent per annum. This is not impossible. Our present growth rate of around 5 percent is well below the potential of the economy.

Realisation of full potential of the economy would depend on making a number of improvements in the economic policies. Most important of this is to enhance the rate of national savings. National savings at 13-14 percent of the GNP are by no means adequate to sustain a high growth rate. It also needs to be mentioned that prospects of foreign assistance in the near future are clouded because of a number of developments on world economic scene. At least two developments need to be

mentioned. Firstly, with the reduction in the inter-bloc rivalry the developing countries as a group have lost much of their political leverage since their importance in cold war has diminished considerably. Secondly, in recent years savings in the world economy have declined considerably i.e., from 26 percent of GDP in 1973 to about 22 percent at present. This decline in savings is accompanied by increased demand for such savings reflected in the developments in Eastern Europe, unified Europe of 1992, problems of LDCs [least developed countries] foreign indebtedness and demand for improvement in global environment. These developments are likely to affect the size of assistance to developing countries.

This means that developing countries particularly those which have so far depended in a large measure on foreign assistance would need to frame their development programmes essentially on the basis of their domestic resources. All the same, foreign assistance should not become a constraint for countries with sound development programmes accompanied by tightening up of financial discipline. Pakistan economy is basically resilient and the basic economic framework is sound in as much as it has survived frequent and major political changes in the country. Sound economic programmes, control of fiscal deficit and national savings raised to a respectable level should attract foreign resources without any serious problem.

Generally our economic and financial policies are marked with adhocism. More specifically, there has never been a sound evaluation of major policy changes in terms of their effectiveness to achieve the intended objectives. Thus such important policy changes as nationalisation of banks and insurance, nationalisation of selected industries and labour policy have not been evaluated. Instead, only marginal changes have been made occasionally. Absence of such appraisal allows the development of vested interests which work for the perpetuation of such policies to the detriment of national interests. Therefore, it is imperative to put in place some mechanism for an objective review of major policy changes on periodic basis.

Finally, there is a need for a more direct attack on poverty in the country. Social indicators like health, education, etc., as well as physical infrastructure have deteriorated and are low in relation to international standards. It is, therefore, imperative that our development programmes accord high priority to the eradication of poverty. Such programmes, to be implemented at grass root level, should be specific and directly benefit the people and create investment opportunities. For

instance, rural electrification will benefit about 70 percent of population; it can help improve the living conditions and attract investment at local level. Programmes targeted at poverty eradication may very well attract foreign assistance and participation of aid giving agencies.

Government Seen Failing War on Illiteracy

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[Article by Professor Mian Muhammad Afzal: "How Not To Stay Illiterate Forever"]

[Text] The usual topic of our discussions, the easiest target of our verbal attacks—poignant and pinching—is education. With great éclat we hurl at it the most devastating criticism that we are capable of. We all (to which ever class we might belong) assume the role of experts and get, perhaps, sadistic pleasure in finding fault with what we call the outmoded system of education—a legacy of the British.

Our governments, too, keep fiddling with this body—pulling its ears, making it wear different motley garbs and trying to fatten it with vitamin-rich diets prescribed from time to time. But always something goes wrong: something is amiss. The posh new buildings are hurriedly put up on the debris of the old ones, which are as hurriedly pulled down or themselves crumble because of the poor building material used or poor workmanship or defective planning.

All this has, during the past 43 years, kept us very busy. We have produced a host of education reports and put up a pile of policies. but let us look around and assess our achievements.

The minimum that we ought to have done in education was bringing some enlightenment to the populace and dispelling the darkness that pervades. This would have been in conformity with the injunction of the Holy Prophet (peace be upon be on him), [as published] who desired that the Muslims should seek knowledge even if it involves Herculean efforts of surmounting the Himalayas to get into a far-off country like China. But did we honour this commandment? Did we try to follow his advice? The answer certainly is in the negative. All we can do is to hang our heads in shame for ignorance still envelops our country. The darkness is getting even thicker as the rapid population growth far outstrips our little efforts at bringing enlightenment.

But let us come down to brass tacks. Look at the accompanying table. Here are some of the disconcerting figures—enough to put us to shame.

Table Showing Literacy Rate

Sex	Pakistan	NWFP ¹	FATA ²	Punjab	Sind	Baluchistan	Islamabad
1. Both Sexes	26.17	16.70	6.38	27.42	31.45	10.32	51.75
Rural	17.33	13.18	6.38	20.01	15.56	6.18	33.84
Urban	47.12	35.77	—	46.72	50.77	32.16	63.31
2. Male	35.05	25.85	10.93	36.82	39.74	15.20	63.13
Rural	26.24	21.73	10.93	29.56	24.54	9.82	49.58
Urban	55.32	46.96	—	55.23	57.77	42.42	71.28
3. Female	15.99	6.48	0.79	16.81	21.64	4.32	37.48
Rural	7.33	3.82	0.79	9.38	5.21	1.75	15.88
Urban	37.27	21.88	—	36.72	42.23	18.54	52.67

1. [North-West Frontier Province]

2. [Federally Administered Tribal Areas]

The table should be an eye-opener for all of us. What have we accomplished during the past 43 years? Let us forget the fast escalating prices for the time being and concentrate on how much enlightenment we have brought to the people. The literacy rate, which at the time of Independence was 16.4 percent, has, during more than four decades, been pushed up by only 10 percent. What an accomplishment! Is it something to be proud of that more than two-thirds of their country's population is still consigned to darkness and the puny flames that we lighted have failed to pierce through?

As we probe further, the despondency deepens: for, of the rural population, which constitutes about 70 percent of the total, only 17.3 percent can fumble through an easy Urdu page. Things become more distressing as we move to the NWFP and Baluchistan, where the literacy rate is 16.7 percent and 10.3 percent, respectively.

Now cast a glance at the map where a few flickering candles are helplessly trying to dispell the darkness that has the women of Pakistan in its thrall. We make the alarming discovery that of the total women population only 15.95 percent can read and write, the highest being in Sindh (21.64 percent) and the lowest in Balochistan (4.32 percent). The efforts that we made in the past 40-odd years resulted in making only 1.75 percent women of the rural area of Balochistan literate. Imagine that in a vast part of this country 98 out of 100 women can neither read nor write. Isn't it shocking? And wouldn't these distressing figures shake off our complacency and make us really do something about education?

There is no denying the fact that many efforts were made from time to time to eradicate illiteracy. The Father of the Nation, conscious of the fact that the problem of paramount importance was nothing else than education, called for the immediate convening of an education conference, which was held just a few months after the birth of Pakistan. Later on, literacy programmes did figure in various education policies. Beginning with the Village-AID Programme, which envisioned establishment of literacy centres within the community centres,

we went on to set up a national literacy corps (recommended both in 1969 and 1972 policies). Optimism has been our strong point and we were very optimistic about the outcome of this scheme and so hoped that 11 million more people would receive the light of knowledge. But we always have been ambitious and idealistic rather than pragmatic. As a result, our targets have always eluded our grasp. But this did not matter; the fertile brains could conceive of newer schemes. So somebody proposed the idea of drop-in schools for those aged 10-14 years but another gentleman, desirous of claiming the credit for this ingenuity, renamed it the Nai Roshni Scheme. A huge amount of Rs. [rupees] 3,153.2075 million [figure as published] was earmarked for the literacy drive, under which 66,000 centres were to be set up for making 1,650,000 people literate every year and thus raise the literacy rate by 1.8 percent. Light glimmered all over the country but for some time only; and before it had really penetrated the darkness, the lanterns were put out.

And now we are waiting for some other scheme!

The present writer, having a long association with education, does not ridicule these schemes. The point which is intended to be made is: did we ever try to know why, despite all the finances poured in and all the paraphernalia arranged for the programme, we failed to achieve the desired results? No post-mortem of the schemes were ever carried out, no study to probe into the causes of failure was ever conducted, and no soul-searching ever took place. We, without any remorse, threw overboard each scheme simply because it belonged to a previous government. Political considerations rather than educational have dominated and dictated our decisions. We have exulted in demolishing structures already raised and so we stay put.

To cut a long story short, our adult literacy programmes have failed. But why? A full-fledged article will be needed to discuss all the causes. Here only a few of these may be stated.

We have been keen to enrol in our literacy centres the farmers, the labourers, the petty shopkeepers and the

coughing, stooping, grey-headed heads of the families. But we failed to usher them into these schemes. Why should they go to these centres? they asked. Would it supplement their income? They wanted to know. The answers given did not satisfy them. The motivational campaigns, based on philosophical appeals, failed to convince them of the utility of these since it is always the utilitarian aspect which matters. Besides, there were other reasons. The old father or grandfather was too shy to pick up the primer at that advanced age. The poverty-stricken people with a host of economic and other problems impinging on their minds had no mind for the books. Even the young men who were to be enrolled in Nai Roshni schools failed to turn up because of their economic problems. They saw no point in sacrificing their time for what they thought was a useless pursuit. The elderly people had other problems. They had children to look after. Also, they did not want to invite the giggles and laughter of their offspring by repeating the alphabet before them. Thus adjustments, for numerous reasons, could not be made. Even if someone was successful to drag a few adults to the centres, they, disinterested and unmotivated, quietly slinked away on the second or third day. The centres were soon deserted, and it was all over. If such is the state of affairs, then why insist on replicating the adult literacy programmes? Why drag these "whining schoolboys" to the centres where no attraction lies for them? So we will have to think of alternative plans.

Our intensions, no doubt, have been noble. Today also we are keen to increase the literacy rate. But let us not waste our energies and funds on the adults who do not like to be benefited. We have tried many programmes and have failed. So let us shift our emphasis to primary education. If made universal, that holds out a definite guarantee of enhancing the literacy rate. At present, of 14.4 million children of the 5-9 age group only seven million, according to the 1986 statistics, are in 82,550 primary schools. Let us catch hold of these 7.4 million (to which 70 thousand more must have been added during the past four years) out-of-school children, provide enough schools for them, and equip these properly to increase their holding power so that the dropout rate, which at present is more than 50 percent, is reduced. Let us also bring in more teachers. At present we have just one or a maximum of two teachers per school. (Bangladesh has at least four in each primary school.) Let the increase in the number of schools be proportionate to the increase in population. And lastly, let us make the Compulsory Education Law operative. Then if once we have attained 100 percent participation rate, which at present is only 48 percent, the number of illiterates will start dwindling. Within five years or so we might be able to attain the coveted targets of a good literacy rate, which is 82.6 percent in the Philippines, 93 percent in China and 77.6 percent in Sri Lanka.

So let the funds allocated to the literacy programme be diverted to primary education. Only then will the prevailing darkness be dispelled.

Before closing, let us have a look at Bangladesh. Through the enactment of a law on compulsory education they hope to add 23,764 primary schools to the 44,236 already in existence and raise the literacy rate from 29 percent to 50 percent in four years. Let us take a leaf out of their book and not go in for adult literacy schemes.

Editorial Views State of the Economy

91AS0513B Karachi DAWN in English 17 Jan 91 p 12

[Text] The fiscal year 1989-90 witnessed an overall improvement in the performance of the economy although weaknesses remained to be attended to in some sectors. The Annual Report of the State Bank, which was released the other day after some delay occasioned by vetting by the Ministry of Finance (an undesirable encroachment on the autonomy and impartiality of the State Bank), noted an improvement in the GDP [gross domestic product] growth rate, the easing of the price situation, an appreciable increase in the production of the manufacturing sector and a lowering of the rate of depreciation of the rupee. What has been most impressive is the increase in both domestic savings and marginal savings. As a consequence, gross fixed investment showed a marked increase of 20 billion rupees, with the private sector leading in the field and increasing its share to 51.2 percent for the first time. It has thus responded positively to the improvement in government policies geared to facilitate greater private participation in the development and management of the economy. However, the report also points to some crucial weaknesses which include slow growth in the agricultural sector, below-target production of wheat and sugar, continued pressure on balance of payments despite a slight improvement, increasing budget deficit, a disproportionate expansion in the services sector, lack of soundness and stability in the financial institutions, and a continuing deterioration in social indicators like education and health. The situation in respect of unemployment and population growth remains grim, industrialisation efforts remaining concentrated on capital intensive projects. Small-scale and medium-sized industries which generate employment at low capital cost have not yet received the attention they desire, with the result that growth in this subsector has remained frozen at 8.4 percent for several years.

Coming to specifics, the growth rate during the year under review improved from 4.8 percent in 1988-89 to 5.2 percent and manufacturing sector expanded by 7.9 percent as against 4 percent, with large-scale manufacturing subsector rising by 7.7 percent as against only 4 percent in the preceding year. A significant increase is registered in national savings which rose by 20.2 percent against previous year's growth of only 7.4 percent. The major component of this growth was private savings (20.3 percent) mainly coming from households. What is extremely disappointing is the volume of corporate savings—only 3 percent—“despite the fact that over the years the corporate sector has had the privilege of making use of all sorts of facilities and incentives

including credit facilities, availability of foreign exchange, licensing and all other incentives." Corporate savings are likely to decline further in the coming years owing to the lowering of the equity: loan ratio and increased fiscal incentives which would reduce the compulsion for corporations to make strong savings efforts for purposes of expansion.

A very impressive improvement is reported in the price situation. The preceding year had seen the inflation rate running at 10 percent, which was brought down to 6 percent. While the Sensitive Price Indicator which was 13.5 percent in 1988-89 declined to 6.1 percent; the Consumer Price Index and the Wholesale Price Index also registered lower increases of 6 percent and 7.3 percent compared to 10.4 and 9.7 percent, respectively. The report tries to explain away an improvement in the price situation by averaging it over 2 years, and attributing it to increased import of consumer goods and raw materials for consumer goods, the effect of an unusually low growth of money supply and a modest credit expansion in the previous year and downward adjustment of the Pakistan rupee by 3.2 percent as compared to 7 percent in the previous year.

The rate of monetary expansion which had decelerated in 1988-89 to 4.6 percent accelerated to 13 percent mainly due to government borrowing for commodity operations. The major reason may be a heavy accumulation of rice stocks. The component-wise break-up of monetary assets revealed that the increase occurred mainly in the currency in circulation and in the demand deposits of the banks. An encouraging aspect, although not very satisfactory, is the 10.2 percent increase in time deposits compared to 1.4 percent in the preceding year. Stagnation in time deposits over the last several years speaks of the continuation of the process of disintermediation of the banking system. It is attributable to a serious distortion in the structure of rates of return. The report invites attention to the fact that the value of bearer certificates aggregated about 87 billion rupees against a background of aggregate capitalisation of stock market shares of 48.7 billion rupees. These certificates with a large increase in currency ratio reflect, among other things, the expansion of the informal sector and may be subserving and encouraging illegal transactions. Hence the rationalisation of the rates of return in the financial sector is an urgent requirement.

According to the report, the fiscal position of the government, which has improved in 1988-89, again came under severe pressure. The year 1989-90 witnessed a rise of 13.3 percent in the budget deficit. The overall deficit increased to 64.4 billion rupees against the budgeted figure of 56.9 billion rupees. This increase is attributable mainly to the rise in defence expenditure which was budgeted at 52.2 billion rupees but was revised upward to 61.9 billion rupees—an increase of 9.7 billion rupees against the increase in overall deficit of 7.5 billion rupees. While resource mobilisation increased by 12.3 percent, (taxes on income rising by 19.4 and on wealth by 11.6 percent), the expenditure increased by 12.6

percent. Thus the deficit as a ratio of GDP remained the same as last year—7.3 percent against the commitment to IMF to reduce it to 6.5 percent.

The report is silent on two very important issues. The controversy is raging for several years about the health of the banking system and the IMF and the World Bank have expressed concern about the accumulation of bad and non-performing debts. No information is made available about this aspect. Similarly the report has nothing to say about the finances of the provinces which had reportedly drawn heavy overdrafts and made little effort to increase their own resources against their rising expenditure. In the end we may repeat what we had said last year that the report, if it is to serve as an instrument of policy guidance, should come out, as required, in the first quarter of the financial year. In order to restore SBP's [State Bank of Pakistan] autonomy and impartiality, which has become all the more important with the induction of the private sector in the banking field, the Ministry of Finance should allow it to present its views freely.

Commentary Alleges 'Self-deception' in Foreign Policy

91AS0513A Karachi DAWN in English 19 Jan 91 p 9

[Article by M. H. Askari: "Wedged Between Myth and Reality"]

[Text] There has been an element of self-deception about the way successive governments in Pakistan have formulated and conducted the country's foreign policy. It all began at the very outset with Pakistan's effort to build up a strategic relationship with the United States and most recently manifested itself in Gen Zia-ul-Haq's policy on Afghanistan.

In the recent weeks, Pakistani troops have been despatched to Saudi Arabia, ostensibly to serve as protectors of the holy places while in actual fact they will be part of the multinational force assembled there in the wake of the Iraqi occupation of Kuwait. Whether the Pakistani contingent will be under the command of the Americans or the Saudis is really only a matter of detail. In any case, Pakistani troops will also be serving in the United Arab Emirates.

In our relations with India, too, there has been a touch of ambivalence: we are quite understandably most perturbed over the anti-Muslim riots there which sprout at the slightest pretext. Yet, even responsible elements among Pakistanis are not prepared to give a thought to what can be done to strengthen the hands of whatever secular elements there may be in India. A significant segment of the Pakistani intelligentsia on the other hand, persists in its belief that India is totally a Hindu state with no compassion for the non-Hindus. Little do we seem to realise that such cynicism can be of no consolation to the Muslims on the other side of the border.

The Carter Administration's response to the Soviet occupation of Afghanistan was quite clear. The WASHINGTON POST put it in fairly plain language when it said that, according to a Carter official, the Afghan situation had elevated the status of the Gulf region to that of Western Europe, Japan and South Korea—"areas where Washington is prepared to risk a conflict to contain Soviet influence." Moves were then resumed by the U.S. government to revive its military relationship with Pakistan. Gen Zia-ul-Haq, however, used the opportunity, partly if not wholly, to project this image as the saviour of Islam and declared the conflict in Afghanistan a jihad. His survival for 11 long years was largely due to the American back-up to his policy.

Pakistan's sense of insecurity at its very inception arising out of the Indian leaders' hostile attitude gave the opportunity to the Western-oriented, to build up a strategic arrangement with the United States. The American concern in the cold war was entirely to contain communism and integrate Pakistan into what the Eisenhower Administration perceived as "its northern tier of defence" against the Soviet Union and China. Those in power in Pakistan, however, wanted their people to believe that the arrangement would strengthen the country's defences against India. Despite several rude 'reminders' from Washington, they insisted that Americans "at the highest level" had given assurances of assistance against a possible Indian attack.

It is relevant to recall that at the height of the cold war a section of Pakistani intellectuals actually maintained that Communism was something of a "prowling monster" while Islam shared with "democratic West the basic concept of liberty and freedom of conscience." Choudhry Mohammad Ali, when he was prime minister, in an address in London, is said to have quoted Iqbal assaying that "the most remarkable phenomenon of modern history is the enormous rapidity with which Islam is spiritually moving towards the West" and that "there is nothing wrong in this movement, for European culture on its intellectual side is only a further development of some of the most important phases of the development of Islam."

It is almost incredible that Dr Iqbal could have actually said so and it is quite possible that he was quoted out of context. However, what is important is the fact that the then prime minister of Pakistan presented the quotation, while addressing the Foreign Press Association in London, to establish what in his view was a natural affinity between Islamic Pakistan and the intellectual thought in the West.

It is apparent that when the foreign minister, Sahabzada Yaqub Khan, earlier this month spoke of cooperation between Pakistan, Iran and Turkey and their possible collective interface with the Gulf Cooperation Council he had the future economic and political stability of the region in mind and not some sort of a regional security

arrangement on the lines of the erstwhile CENTO [Central Treaty Organization]. In fact, talking to the correspondent of an Urdu daily the next day, he was more specific and stated that while a programme for the strengthening of the political and economic ties between the three countries was on the anvil, it would be premature at present to talk of a consensus for purposes of security between the three brotherly nations. Yet, a section of the media continues to maintain that the Sahabzada's remarks related to a possible strategic consensus.

Indeed, in the background of the uncertain and extremely fluid situation in the region, it would be futile to talk of a strategic consensus involving Pakistan. Turkey's membership of the NATO would rule out that country's inclusion in a strategic arrangement which also involves Iran towards whom the United States and its allies cannot be regarded as favourably disposed. Likewise, Iran for the time being can be expected to be vastly more concerned about its long-term interests vis-a-vis Iraq, Saudi Arabia and other Gulf States.

The parameters of Pakistan's foreign policy need to be re-defined with realities such as these in view. In fact, since the end of the cold war and the fragmentation of the Eastern bloc, combined with what looks like near-destabilisation of the Soviet Union resulting from its own domestic predicament, Pakistan needs to take a real hard look at the future of its relations with its traditional ally, the United States, and its traditional 'enemy,' India. The assumptions on which Pakistan's foreign policy has been predicated for almost 4 decades no longer appear to be valid.

Despite recurrent reports of possible resumption of American economic and military assistance to Pakistan, the shift in the United States' current perception of the politics of South Asian countries is only too obvious. Apart from President Bush's decision not to render the necessary certification about Pakistan's nuclear programme, blocking the release of the aid funds, top-level American officials have been suggesting to Pakistan and India to work out a modus vivendi to live as peaceful neighbours despite the problems which snag their relations.

The United States has also made it clear that it would like to see the Kashmir dispute settled through bilateral consultations and without resort to the relevant UN resolutions. There was some expectation that the Americans would look into the violation of the Kashmiris' human rights, resulting from the Indian government's use of the army to put down the freedom struggle, but this has so far not happened. On Afghanistan, too, there does seem to be considerable divergence in the U.S. and Pakistani viewpoints and the American assistance flowing to Afghan Mujahideen groups has noticeably reduced.

At the same time, the American authorities have agreed to the sale of a super-computer to the Indians, a decision

which Pakistani strategists believe has the potential to considerably add to India's capacity to use sophisticated technology for augmenting its military capability. The supercomputer can serve as a vital aid to India's nuclear programme. In short, Pakistan no longer appears to enjoy the status of a 'most favoured ally' of the United States.

Today, when the United States no longer suffers from the perceived threat of a shift in the balance of global power in favour of the Soviet Union or China, Communism is no longer seen in Washington as being on the march like it did in the 1950s. The basis on which the United States strengthened its alliance with Pakistan no longer exists. In the '50s, American strategists looked upon Pakistan as being in a position to directly represent "the measure of America's military power" in Asia and, in the words of one scholar, "being a country in the right location at the right time," Pakistan was a clear asset to U.S. foreign policy. However, the objective situation globally has changed to the favour of the United States and it can no more view its relations with Pakistan with the fervour that was once described as "a marriage of convenience but one that both partners sought quite eagerly at first."

Another major plank of Pakistan foreign policy has been its relations with the other Muslim countries. Pakistan's affinity with the Muslim world grew not so much out of its sense of lack of security (as was the case with regard to the United States) as the hope on the part of its founding fathers, to quote Mr Liaquat Ali Khan, "to promote fellowship and cooperation between Muslim countries." Prof S.M. Burke, however, points out in his study of Pakistan's foreign policy that initially Pakistan's efforts to forge links with other Muslim countries seem to have been over-optimistic and amateurish and "Islam was not an issue in the politics of other Muslim lands."

In the context of the Gulf crisis, Pakistan would appear to have really nothing to contribute. This is not to disregard the volume of emotion that has been generated here since Iraqi occupation of Kuwait. Nonetheless, the dominant feeling in the Arab states is that the Kuwait issue is really an Arab issue and they would want it to be settled among the Arabs themselves. Secondly, the various Arab states are far from being unanimous on how the issue can be resolved and on the desirability or otherwise of the initiative taken by President Bush in assembling a formidable multinational force in Saudi Arabia.

Finally, the Pakistan Government's position is not exactly enviable; a contingent of the Pakistan Army has gone to Saudi Arabia to join the multinational force but there is a sizable section of opinion in the country which is opposed to the American intervention.

Maulana Shah Ahmad Noorani, who returned to Karachi from Baghdad on 11 January, attended a World Muslim Conference there which apparently endorsed President Saddam Husayn's action. According to the

Maulana, the 3-day conference was attended by more than 300 scholars from practically all over the Muslim world except Saudi Arabia, the United Arab Emirates and Qatar. A resolution was adopted to the effect that if the United States attacks Iraq, Muslims the world over should declare jihad and join the Iraqis in resisting the American attack. In the meantime, demonstrations have been held all over Pakistan to protest against the American troops' presence in Saudi Arabia and special security has had to be provided to the American community in Pakistan for fear of a popular outburst in case war breaks out in the Gulf. Regardless of what the outcome will be, the Muslim world would come out sharply divided in the aftermath of a war and it would not be easy for Pakistan to work out its realignments.

With the Soviet Union's stature as a superpower vastly diminished, the United States is likely to emerge as the dominant power in the Gulf and the Middle East. Pakistan can no longer hope to continue to occupy the strategic position that it once did in the South Asian region. Following the U.S. aid cut-off, Prime Minister Nawaz Sharif has repeatedly stressed the need for greater dependence on the country's own resources. He has particularly emphasised that Pakistan would not seek foreign assistance if that involved making compromises on the country's foreign policy or relations with superpowers, neighbours and others. However, the objective would appear to be difficult to achieve so long as Pakistan's relations with its neighbour, India, continue to be something of a flash-point.

The magnitude of the impediments in the way of normalisation between Pakistan and India cannot be minimised. Yet, an indefinite state of uncertainty can lead us nowhere. Moreover, in view of the unprecedented frenzy of Hindu fanaticism which is evident from the posture of BJP [Bharatiya Janata Party] and VHP [Vishwa Hindua Parishad], Prime Minister Chandra Shekhar (like V.P. Singh before him) represents a section of Indian leadership with whom it is possible for Pakistan to open a dialogue and (indirectly) contribute to the easing of tensions for Indian Muslims. Indeed, it is important from Pakistan's own point of view that the National Front government should be able to develop the confidence that it can concentrate upon its myriad problems at home without being distracted by problems with its neighbours.

This does not, of course, mean that Pakistan needs to compromise either on its nuclear programme or on its principled stand on Kashmir. Many military strategists believe that Pakistan has attained parity with India as far as nuclear technology is concerned. As for Kashmiris, the tenacity of the intifida in the face of the extremely heavy odds should give us the confidence that they take their destiny resolutely in their own hands and time is on their side.

Report on Trafficking of Women**Trafficking Said Unhindered**

91AS0590D Karachi DAWN in English (supplement)
29 Jan 91 pp 5-7

[Article by Bhagwan Das: "Bengali Women: Paradise Lost?"]

[Text] They came here in search of the pot of gold at the end of the rainbow. Like this proverbial search, their destinations also turn out to be mere hallucinations. They trek all the way from the cyclone affected shores of the Bay of Bengal, but soon find out that the paradise they had set out for, is worse than hell.

Bengali girls, vulnerable and poor are lured away by glib tongued agents, who entangle their poverty-stricken families in dreamy webs. Once they get here, the girls find out that instead of being placed in respectable, well paid jobs, they end up in low-class, dirty brothels, where they are open to all forms of filth, dirt and disease.

Yet they come here. Driven away from their motherland by hunger and poverty. And not only women come. Young boys [and] men all cross the border in search of jobs. There are a large number of immigrants in Karachi. The police and other agencies, from time to time, carry out raids, to flush-out these illegal immigrants. But all such attempts end in failure due to various reasons. The question of illegal immigrants is too complicated for simple analysis. However at the moment, the matter which requires urgent attention is the case of women who have been illegally smuggled in here from Bangladesh, and are being used for prostitution against their will.

Various dens have been discovered in the slum areas where these women have been confined. At times police raids these dens, either to show efficiency to their officials, or when, as alleged, their "bhatta" is stopped by the den operators. When these women are arrested, they narrate stories of horror and shame. They also name the culprits who are responsible for this, but these people are never brought to book. If they are arrested they get released due to "weak" prosecution. In court they are acquitted very soon. People claim that since very big money is involved and the culprits grease the palms of all those who matter, the business of Bengali women involved in "forced prostitution" cannot be stopped.

Others feel that there is no particular law in Pakistan to check this flesh trade. In India the Immoral Traffic (Prevention) Act 1956—deals with such cases while in Pakistan those arrested are booked under the Enforcement of Hudood Ordinance under Section 13 (Zina Ordinance 1979). The most severe punishment under this law is life sentence, 30 lashes and fine. Surprisingly since the implementation of the law not a single person has been awarded the maximum punishment.

These Bengali women do not come here all the way from their country to indulge in prostitution. They come here to get a job and live a comfortable life. But once they arrive here, they are handed over to these den operators who have links with the brokers who bring these women from across the border. Here they are threatened by the den operators who play upon their vulnerability as illegal immigrants. They also, sometimes stage the drama of handing them over to the police who are in fact friends of these den operators. After being "tamed" in police lingo these women know that there is no way out but to live a sinful life.

When there is too much pressure, the police organise raids on these dens and arrest the women and the agents. Then there is a worse nightmare for the women who start an endless wait in the jail. Some of them are also sent to Edhi Home to wait until their fate is decided. The majority of them do not want to go back.

How these women end up here is an eye-opening account. It is alleged that the border security forces of all the three countries—Bangladesh, India and Pakistan—are involved. They allege that when the brokers with the "consignment" of women cross the border from Bangladesh to India, the officials have the first choice. They take the girls they fancy and let the others pass. When they reach the Amritsar border, the officials again select the girls of their choice and let the other cross. The same story is repeated on this side of the border.

The story does not end there. On their next trip when these brokers pass the borders with another set of girls, these officials pick the girls of their choice and return the girls they had picked up earlier. A similar chain of events take place until they reach the Karachi Bengali Paras. Here, a full-fledged brothel awaits to swallow them up.

If some women are accompanied by their male relatives, the men are severely beaten up at the Indian border and chased away by the brokers. If they happen to trace them out in Karachi, they are treated in much the same manner.

Sixteen Bengali women and the same number of men were arrested from one of the leading prostitution dens of Sher Khan, five months back in Federal B Area, near Aisha Manzil.

The lawyer who appeared for the Bengali women has alleged that the SHO who raided the den had deliberately distorted the facts to weaken the prosecution case. All those who were arrested were tried under the Hudood Ordinance, and due to lack of evidence all of them were acquitted.

He claimed that if the arrested girls were presented as prosecution witnesses, rather than as co-accused with the den operators, the real culprits could not have been released.

After their acquittal, these women described their journey from Jaisore in Bangladesh to Binapur in India,

then on to Calcutta, Delhi, Amritsar, Lahore, Kasoor and finally to Karachi. They said that they crossed the borders on foot during night. While inside India and Pakistan, they travelled in trains. They revealed that the agents have set transit places at Jaisore, Binapur, Calcutta, Delhi, Amritsar, Lahore and in Karachi.

One of these women was twenty-six-year-old Rabia who was married for 11 years to Shakoor Mian, a coaster driver. They had a 10-year-old daughter, and lived on the first floor of a two storeyed house in Dhaka. Their tenant, Mukhtar, came to know of her tense relations with her husband. He enticed her into coming with him to Pakistan and earning big money. One day without telling her husband or kid, she left with Mukhtar for supposedly greener pastures. They arrived here about seven months back, and in Karachi Mukhtar handed her over to Sher Khan where she spent three months before the police raided the den and arrested her with the others. Now she realises her mistake and wants to go to her parents who live in United States or to Bangladesh to her husband. Since she has no money at the moment she is waiting at Edhi Home for philanthropist to come forward and arrange for her ticket.

Another woman with her is 32-year-old Noorjahan who said that all the women kept at Sher Khan's den were forced to live in sin. None of them including her had been spared. First the den keepers' men used them, later other men used to come and women were supplied to them. She said that any girl who dared to resist was severely beaten, so that she had to give in to the demands of the den operators. She did not know how many girls were there at Sher Khan's den.

During her free time, Noorjahan was assigned the job of cooking. She used to cook 90 kilogrammes of rice at one time for the girls. This gives a clue as to how many girls were kept there.

Noorjahan and her husband Rafiq had come about a year back from Bangladesh and lived near Aisha Manzil. Sometime back Rafiq was lured by Sher Kahn to go to Bangladesh and bring more girls. Noorjahan tried to stop Rafiq from getting into this trap but Rafiq could not resist the temptation of money and left six months back. She called her brother-in-law Hanif, who told her that he would come the next day to fetch her. The next day when he came Sher Khan also came, he beat him up and took Noorjahan to his den, where she was forced to sell her body. She was rescued when the police raided and took her to jail.

She said that the women who cooperated with Sher Khan were not only kept happy, but were also "sold" for fixed periods of time for Rs [rupees] 30,000 to Rs. 90,000 depending on the type of the girl and the time period involved.

Ranu had started from her home-town with her 19-year-old daughter Piyara, son Abdul Majeed and son-in-law, had paid Rs 4,000 to the brokers Rehan and Bachhu. When they reached India her son-in-law was

beaten and chased away by the brokers. After reaching Karachi at Sher Khan's place Abdul Majeed was also beaten and chased away. They were also rescued when the police came and arrested her and her daughter.

Resident of Chittagong, the 15-year-old Yasmeen, had come here to work and earn money. But here she was severely tortured to obey the orders and indulge in prostitution. She arrived at Sher Khan's den 16 days before the raid.

Daughter of a tailor Abdul Ghafar, from Comilla in Bangladesh, 33-year-old Neelofar said that one of her friends lured her into coming here. She knew a broker Hasan who promised them that he would take them to Karachi. The husband of Neelofar, Abdul Kalique had also come with them, but he was beaten up after crossing the Bangladesh border. They arrived at the Sher Khan's den some four months before the police raid.

Twenty-year-old Marium was married to a garment factory worker Sohrab for the past two years. She had a one-year-old girl. Six months back her husband met a broker Harris in Bangladesh and urged him to arrange for their transportation to Karachi. They arrived here some five months back. Harris took them to Sher Khan's den where Sohrab was beaten and chased away, while Marium was kept, and stayed till the police raided the place. She said there were over 20 to 25 girls locked in her room. Their number used to fluctuate every day, with new girls coming and old girls being sold.

Sixteen-year-old Rahima's father had taken Rs 5,000 loan from his sister for the marriage of her elder daughter. Sometime back his sister asked for her money. When he could not pay, she asked him to let his daughter live with her for sometime as she was lonely. Not suspecting any foulplay her father let her go with her aunt. She took her to Dhaka from where they left for Pakistan. Her aunt who was a regular visitor to Pakistan, left her at Lahore station with a man who brought her to Karachi. Here she landed at Sher Khan's place, where she stayed for over five months until the raid.

The mother of a two-month-old boy, 20-year-old Nihar came here with her husband Abdul Rashid. Her husband was a mill worker in Comilla, Bangladesh. He asked her to accompany him to Pakistan where he could earn many times more than in Bangladesh and they could lead a comfortable life. They contacted a broker Rehan who assured him that they would be sent to Pakistan soon. When they reached India, the brokers beat up her husband, but he did not run away. He arrived with them to Karachi. Here he was given a severe beating at Sher Khan's den, from where he left for good and has not returned since. There were many other girls in her batch, but now she is only one left as all of them had been sold. She was sometimes locked in a large room with nearly 100 girls, she said. When police raided the den she was also arrested.

The lawyer who was fighting the case for these women, Zia Awan, said that only one house was raided, while all

the neighbourhood was involved in such activities. He said that the den operators always kept 20 to 30 girls in one house and the other girls in the adjoining houses. The police had raided only one house. He said that the real culprits were Sher Khan and Mohammad Ali Pagla, the leading people in this flesh trade. But since they have good contacts or pay those who matter, and the money involved is very big, they are never caught.

Police Aid Trafficking of Women

91AS0590E Karachi DAWN in English
29 Jan 91 p 7 (Supplement)

[Article by Imtiaz Gul: "Immigration Trap"]

[Text] Extreme poverty, economic disparities and exploitation have led thousands of innocent girls and women from the poor South Asian nations of Bangladesh, India and Burma to believe brokers' promises of a "bright future" and ultimately end up either as prostitutes or as cheap bonded labour in Karachi and some other Pakistani cities.

According to estimates by human rights activists, 200 to 400 young women and children are smuggled every month, particularly from Bangladesh into Pakistan, and the numbers have been on the rise since the mid-1980s.

The network of traffickers and brokers, mostly Pakistanis and Indians with links in the other South Asian countries, extends from Bangladesh, one of the poorest countries in the world, through India into Pakistan where the corrosive practice of slave trade goes unchecked.

These traffickers recruit girls and women through their "regional offices" promising them highly paid jobs but handing them over to clients in Karachi who sell them on to interested individuals or groups running prostitution dens.

Several women also try to enter on their own and, if unable to bribe immigration officials at the borders, are either raped or sent to jail for illegal entry.

According to the Lawyers for Human Rights, Legal Aid Association (LHRLA), about 40 such women, some pregnant or even with infants, are currently incarcerated in the Karachi Central Jail under the illegal entry or the Hudood Ordinance.

I have seen young girls even of 11 and 12 years who conceived after being raped either by brokers themselves or by the border police personnel," said another leading human rights activist.

Prices for the women range from 1,000 to 2,000 dollars, depending on the health and perceived desirability of the women. The problem was also highlighted at an International Seminar on Trafficking of Women and Children held recently in Karachi which drew delegates from the Philippines, Thailand, Malaysia, Nepal, Bangladesh, India, Sri Lanka and Pakistan.

Participants of the seminar, which had been organised by a local NGO [expansion not given] Shirkat Gah, an organisation looking after destitute women and children, and the Asian Cultural Forum on Development, unanimously held that the criminal trafficking in poor and disadvantaged women across South-East Asia had increased so much over the last 25 years that only involvement of governments concerned could stop it.

But most conceded that, despite promises of justice and welfare, governments appeared indifferent to the problem since, as one participant said, "They don't want to contradict their acclaimed achievements for the poor and helpless by acknowledging the existence of slave trade in this age."

The number of smuggled Bengali women here run into the thousands and they live in slums and shanty towns in Karachi and other parts of Pakistan.

These illegal settlements, and the prostitution dens there are well-known to police, who receive a monthly "Bhatta" (protection money) from the den-owners who, if desired, also provide the officials with women.

But the plight of these women, always living in fear of being caught for illegal stay or arrested under the Islamic Hudood Ordinance for prostitution, also toil at factories in urban areas during the daytime for one-third of the normal wages.

Several dozen Bengali women have so far been sent back to Bangladesh, but several hundred Bangladeshis, mostly women and children, are still sitting in lockups awaiting legal and monetary assistance for release and repatriation to their country.—DPA Features

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